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U.S. may soften stand on export of nuclear technology

BY DAVID FISHLOCK, SCIENCE EDITOR

A perceptible softening of the U.S. Government's attitude towards the export of "sensitive" nuclear technology is expected to emerge at to-day's meeting of the Nuclear Suppliers Group in London.

The group, set up in early 1975 on the initiative of the U.S. Government, has been meeting in London every few months to find agreement among the world's leading nuclear exporting nations on how to tighten safeguards against the risk of proliferating nuclear explosives. The primary concern is the growing knowledge of three sensitive technologies—reprocessing of spent nuclear fuel, uranium enrichment, and heavy water production—which can be used to help make nuclear explosives.

The meeting hopes to get agreement this week on the wording of guidelines which exporting nations will observe when contracting in sell plant or technology in nations which refuse to sign the Non-Proliferation Treaty. Given agreement on guidelines, it has the ticklish task of finding a way of presenting its activities publicly, as an adjunct to those of the International Atomic Energy Agency and its treaty.

At present, some potential customer-nations are inclined to view the clandestine group as a nuclear cartel, inimical to their interests. Its last meeting, late in April, followed a policy statement by President Carter declaring a moratorium on the commercial reprocessing of spent nuclear fuel, and indicating that the U.S. Government would prevail upon

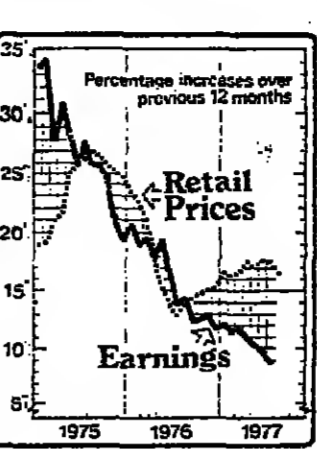
its overseas customers to follow suit. Only Canada, of the 15 nations attending that meeting, showed any readiness to support the U.S. anti-proliferation proposals to the extent of foregoing reprocessing and the possibility of using the plutonium by-product as a nuclear fuel.

Last week the U.S. made significant concessions to Japan—another group member—when the two countries signed an agreement that will permit the Japanese to reprocess fuel originally enriched in the U.S. and to separate plutonium for use as fuel in its first breeder reactor development programme.

Another senior State Department official pointed out that his Government's decision to cancel the 380-MW Clinch River fast breeder reactor—a technological "lemon" as he called it—should not be construed as opposition to the fast breeder in principle. He said the U.S. would continue to spend several millions as much as Britain on this reactor.

But his Government was very anxious to persuade other nuclear nations to re-examine carefully the possibility that there were nuclear technologies that had been left on the shelf, but which offered special advantages from an anti-proliferation standpoint.

The U.S. hopes to launch this October the International Fuel Cycle Evaluation Programme, a massive re-examination of 35 years of nuclear technology, by which President Carter set great store at the London summit in May.



Average earnings up 8.8%

By Peter Riddell, Economics Correspondent

AVERAGE earnings rose by 8.8 per cent during the 12 months of the Phase Two pay policy—exactly half the increase in retail prices during the same period.

The figures, announced yesterday by the Department of Employment, highlight the intensity of the squeeze on living standards during the past year which helped to prevent any formal agreement on pay policy after the end of July.

The earnings outcome for Phase Two is slightly higher than the original Government projection of a 7 per cent rise, but rather lower than looked likely earlier this year when officials were talking merely about a single figure increase for the period.

The difference between the original projection and the outcome can be explained by higher than anticipated overtime and some delayed payments under the £6 a head policy.

The result has not been significantly affected by the deferral of pay negotiations and settlements until after the end of Phase Two. This might have boosted the index by 0.1 or 0.2 of a point to an annual rise of around 9 per cent.

Less than 500,000 workers are known to have delayed settlements in this way, but well over a third of those notably the bank employees and Merchant Navy officers, are not included in the earnings index.

The index of average earnings was unchanged during July for the second month running at 286.3 (January 1970 = 100) and the main reason is a change in the pattern of settlements not allowed for in the usual seasonal adjustment.

Leyland toolmakers strike threat

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEYLAND CARS toolmakers will stage an all-out strike from October 28, unless their demands for improved pay and differential rates are met.

The unofficial four-week strike by toolmakers earlier this year cost £150m in lost production and brought the company to the brink of financial collapse.

Renewed militancy by the toolmakers, in direct conflict with their union's executive, comes against a background of a mounting industrial relations and investment crisis for Leyland.

The reform of industrial relations, demanded by the Government as a condition of continued state finance, has been placed in jeopardy by the decision of the Transport and General Workers' Union shop stewards to reject the company's proposals.

A warning that time is running out for further negotiation was delivered yesterday to the manual employees working party—the body charged with seeking the reform of Leyland's troubled industrial relations.

Mr. Terry Duffy, Amalgamated Union of Engineering Workers executive member for the Midlands, said management had been told "in no uncertain terms" that workers wanted to see "the colour of the money on the table" by November 1, the proposed date of introduction of the company's reforms.

He cited the case of Longbridge, Birmingham, where procedure had nearly been exhausted in the demand by the 20,000 workers for a 47 per cent increase from November 1.

Leyland has warned the work force that its ambitious 8-year development programme has been placed in danger by industrial disputes. A statement about Leyland is expected to-day from Mr. Leslie Murphy, chairman of the National enterprise Board, the company's major shareholder, when he presents the NEB's half-year account.

Rotha backs international Rhodesia settlement

BY QUENTIN PEEL, PRETORIA, Sept. 19.

SOUTH AFRICA does not favour an internal settlement in Rhodesia which would exclude the leaders of the nationalist guerrilla forces, but rather would like to see an open election to determine which nationalist leader commands majority support in the country.

Mr. Pik Botha, the South African Foreign Minister, said in an interview to-day that his Government had committed itself to the effort to obtain an internationally acceptable solution in Rhodesia.

However, he condemned the Anglo-American proposals for security arrangements in the country as incapable of creating the necessary conditions for a ceasefire.

At the same time, he warned that threats of tightening sanctions against Rhodesia, or of extending them to South Africa itself, in an effort to force an unacceptable settlement on the white regime in Salisbury, would be counter-productive.

The Western nations, led by the U.S., were making a mistake in using threats to seek South African support, Mr. Botha said.

The Foreign Minister said that the warnings he had given, along with Mr. John Vorster, the Prime Minister, about heightened pressure on South Africa, did not imply that they had written off the Anglo-American initiative for a Rhodesian settlement.

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Italian company likely to win S. Wales refinery contract

BY RAY DAFFER AND KEVIN DONE

AN ITALIAN engineering contractor appears set to win the main contract for one of the most ambitious refinery projects to be undertaken in the U.K., the £350m. expansion of Gulf Oil and Texaco's facilities at Milford Haven and Pembroke in South Wales.

To date, Snam Progetti has not built a major project in the U.K., but it has undertaken contracts for the oil, chemical and nuclear industries in many other countries, particularly in the Third World. The Gulf/Texaco contract would represent a major breakthrough for it in Britain.

PRICE CHANGES YESTERDAY

ence unless otherwise indicated

Treas. 12pc 1995	£314	- 14
Beecham	633	- 15
British Home Stores	235	- 7
Downy	122	- 5
Courtaulds	166	- 7
Expanded Metal	66	- 7
Farnell Elec.	217	- 11
Glaxo	630	- 18
GKN	315	- 18
Hickson and Welch	323	- 11
ICI	92	- 6
Kode Intl.	116	- 9
Laplace (Wm.)	400	- 60
Lawrence	320	- 8
Midland Bank	240	- 5
P and O Ltd.	148	- 16
Rowntree Macintosh	360	- 16
Sunley (B.)	178	- 7
Thorn Elec.	306	- 10
Vickers	222	- 13
Wood Bastow	95	- 7
Stevens (U.K.)	316	- 10
Tricentral	188	- 6

LOMBARD

A narrow market for efficiency

BY ANTHONY HARRIS

IT USED TO BE the boast of the London Stock Market that it had hardly a rival in the world for breadth and stability. Lesser bourses might swoop up and down in a manic depressive way, but not London; here substantial deals could be put through without a tremor. Long tradition, allied to the jobbing system, conferred these merits.

The analogy

All the same, the gilt market is calm itself compared with the equity market which not only mobilises more funds but also moves up and down as sharply as the past to news from individual companies.

To one sense, this is a loss of market efficiency. It is certainly not true any more that a large shareholder can sell or switch without worrying about the impact of his sale on the market; and if this were a market in wheat or apples, this would be a bad news. Thus, speculative commodity markets are disruptive.

discipline

Nowadays, however, it is obvious that large shareholders are becoming more and more like the institutions to admit it. Because we now have thin, narrow markets, it is more obvious that institutional shareholders must take an interest in management, and that it is more respectable to do so.

RACING

Free Will to join Walwyn's winning two-year-olds

PETER WALWYN has his two-year-old team in almost all-cooperating form and I shall be disappointed if Free Will cannot add to the Seven Barrows juvenile success story with a win in the Findon Stakes, to-day's opener at Lingfield.

A respectable sixth on her debut behind Court Barns, in a division of the Sparsholt Maiden Stakes at Newbury five weeks ago, when she was running on well in the closing stages, Free Will then showed the benefit of that run in a game Chestnut victory over Idle Waters.

The Michael Stoute-trained mare should be a good cover story. But what probably was true not long ago was that some institutions talked about selling shareholdings they did not like while in fact they did nothing whatever.

TENNIS

Device can end line disputes

ILIE NASTASE's days are numbered—at least those days when he queries the calls of linesmen. A new invention was unveiled at Taylor Woodrow's indoor court at Southall yesterday which, if widely adopted, would eliminate all doubt on balls that land close to the lines.

Subacal is the brainchild of Dr. David Supran, a 42-year-old communications consultant with ICL whose interest in tennis began in the fifties when he himself was a keen junior player. The system is based on an electrically conductive tennis ball bouncing on a 2 1/2 inch wide cable stuck to the surface of the court immediately beyond the lines. The bare wires form circuits which when completed by the bouncing ball convey information to a small computer on the umpire's chair.

BY DOMINIC WIGAN

WINE

TRADE tastings in London in recent months have been dominated by recent vintages of 1976 clarets, 1975 and 1976 German wines, and 1976 vintage ports.

Conspicuously absent, however, have been the 1976 burgundies, probably because demand for these has been so great as to have made the necessity of offering them here before they are available in bottle.

In the 1976 clarets there has been particular interest since comparisons have been made with the 76s, generally accepted as fine if possibly slow in maturing, and 76 is only the second vintage since 71 that just may have been a good year.

BY JOHN BARRETT

Wimbledon champion

Ann Jones, who had the doubtful distinction of activating the first bleep from the computer when she served a double fault.

The system will go into full-scale operation during the next three weeks in the Pernod tournaments to be played in Edinburgh (starting next week), in Washington New Town the following week and finally in Bournemouth.

This live application will allow players and umpires to grow accustomed to the system and it will be interesting to see how they react. Although one could argue that the game will be robbed of one of its elements if controversial decisions no longer occur, that will be no loss for my money.

Luton airport to expand

A BATTLE to prevent Luton Airport handling up to 5m. passengers a year has been lost, an MP claimed yesterday.

The Government planned to let Luton expand while delaying a decision on a third London Airport, said Mr. Robin Corbett, Labour MP for Hemel Hempstead. "I have been given the wink that because the Government is

BY EDMUND PENNING-ROWSE

The proof of the bottle lies in the tasting

category, from Kabaswards. Not are these relatively expensive, but for them even with many is limited. It is dear here, it is owing in sterling for many noticeably more expensive than the 76s were in when the pound was at DM 8.30, whereas to be around DM 4.

It is pointless here in particular German wines with burgundy, the way is to rely on grown-up chauts who consist of fine wine. They are not let one down over a worth buying early in small stocks usually here are unlikely to be plished.

Variable

Retail prices were not available at these tastings, but the 76s are generally dearer than the 75s, but they are reported as very variable, depending much on the wine-maker's skill in a difficult vintage and careful selection afterwards of the best wine more body than 1976s, more fruit than 1974s, with mature quickly and provide wines with elegance and character.

Beguiled

This sound good enough for most of us not prepared to be able to reach its peak, but we should not be beguiled by believing that 1976 was yet another vintage of the century.

Of the three tastings of 76s, the enormous tasting of 76 held in London recently, which included several of the earlier years, some of the 76s, selection shipped by the Bordeaux house of Edouard Kressmann and offered by Percy Fox, a subsidiary of Saccagne and Speed.

Although attention was naturally concentrated on the dozen classified-growth 76s shown, a whole range of vintages back to 1970 were displayed by several chateaux whose owners were present, including M. Borie of Ducru-Beaucellou and Haut-Batailly, and M. Kressmann of the Lebbraümlchen brands which dominate the market here.

For there was so much sun last year that the vast majority of wines qualified in natural sugar-content for the superior

The 76s were, of course, cash samples, and pronounced automatically on these is hazardous even for the experts, but for some others money—and that would really be present when it is the Ducru-Beaucellou was the best wine there, a big-coloured, fruity wine. Indeed, I preferred it to the 75 (also a cash sample), which seemed to be going through a drab stage. M. Borie's Haut-Batailly was, fruit too, but my second choice was Léoville-Las-Cases, lighter than the Ducru, but with more to it than the adjoining Léoville-Ferre.

The Malescot was elegant but light, the La Lagune seemed over-oaked from a new cask. Lynch-Bages was lighter than usual, and Montrose a miserable. The 76s some typical big-flavoured, but ambitious firms have already been made in his suggestions that Hayward tasting that I missed 1 along with the 75s, they will heard good reports of the Cos rank among the famous "pairs", d'Estournel, Grand-Puy-Lacoste and Petit Village.

Compulsory

They are less big than the 76s, in years to be 70s, it appears, are offering, but not in large quantities, but with the 76s, I bound to be expensive, ally so, owing to bottling in Oporto. With opening retail prices of 76s, 75s around £25, the 76s are likely to be £25 to £28, unless offer brokerage basis to secure return on the money.

Such high prices requiring an extended period should surely lead to the fine vintage, and increase their at auction and elsewhere.

Both Cockburn and De la Motte, on the other hand, are offering 76s at £18 to £20, which is a very good price for these old wines, and experience to taste, but those still generally a my choice would be the 76s of both sub-pairs, 76 of Drott, Institutions called on to buy the 75 in quantities, but price port drinkers in better to ensure adequate wines of wines much in drinkability.

TV Radio

- 6.40-7.55 a.m. Open University (UHF) only. 9.38 For Schools. Colleges. 12.45 p.m. News. 1.00 Pebble Mill at Five. 1.30-1.45 Green. 2.00 You and Me. 2.14 For Schools. Colleges. 3.20 Ar y Brig. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 Astro. 4.30-4.45 Catchword. 4.40 Big Job. Little John. 5.00 John Craven's Newsround. 5.05 Horses Galore. 5.35 Barbapapa. 5.40 News. 5.55 Nationwide (London and

F.T. CROSSWORD PUZZLE No. 3471

Grid for crossword puzzle with numbers 1-27 and some filled-in letters.

- 1 Medically speaking a reduction in criticism (8)
2 Cover G.B.S. left (5)
3 Mischievous characteristic of genial vandal (5)
4 Chasing with English and talking madly (9)
5 Award for painter's work (10)
6 Employer making you and me besitate (4)
7 Unusual iron club left out in liver (7)
8 Having funds which are liquid (7)
9 Snake her bird outside (7)
10 Shape beforehand but perform badly (7)
11 Clasp and gas snake (4)
12 Mad reason for transport (10)
13 Keeping soldiers I have posted round (9)
14 The general course of a voice (5)
15 Provide objective to Warrant Officer returning (5)
16 Preacher has to go and enchant Her Majesty (9)
17 Lay out odds before the finish (5)
18 Cover up untidy bsle but it may be retracted (8)
19 Supplier who may get less (10)
20 Not taken in but making half of us tidy up (7)
21 Copy to monopolise (7)
22 Vessels brought up for food (4)
23 A cruise coming up under another name (5)
24 Oral might need chabasing for an exponent (9)
25 Flying policeman? (10)
26 It may be a starter or chaser mixed before start of evening (9)
27 Eastern movement one left with feeling (9)
28 Providing implements for engraving (7)
29 Operation involving senior officer in crowd (7)
30 Full up and sad about note (5)
31 wrong and/or make a mistake (5)
32 Pole won coming up after a fall? (4)
33 SOLUTION TO PUZZLE No. 3470
34 SOLUTION TO PUZZLE No. 3471
35 SOLUTION TO PUZZLE No. 3472

- 6.20 Wales To-day. 6.43 Heddlu. 7.15 Y Chwilyrwy. 7.45-8.30 The Wonderful World of Disney. 11.40 News and Weather for Wales. Scotland—5.55-6.20 p.m. Reporting Scotland. 11.40 News and Weather for Scotland. Northern Ireland—5.53-5.55 News. Northern Ireland News. 5.55-6.20 Seec Around Six. 6.43-7.15 Jack High. 11.40 News and Weather for Northern Ireland. England—5.55-6.20 p.m. Look East (Northwich). 7.45-8.30 The Wonderful World of Disney. (Leeds, Manchester, Newcastle). Midlands To-day (Birmingham). Points West (Bristol): South To-day (Southampton). Spotlight South West (Plymouth). 6.45-7.15 East (Northwich) Spot Ont: Midlands (Birmingham) Pot Bank: North (Leeds) Reulion: North-East (Newcastle) What's Cooking: North-West (Manchester) Show to-night: South (Southampton) The Getaways: South-West (Plymouth) Peninsula: West (Arisiol) Day Out.

- 6.40-7.55 a.m. Open University 11.00 Play School. 1.00 News. 1.00 Open University 7.00 News on 2 Headlines. 7.05 May Have the Pleasure? 7.10 Newsday. 7.15 News. 8.10 Turning Points. 9.00 Ripping Yarns. 9.30 The Water Alarm. 10.20 The Old Grey Whistle Test. 11.20 Late News on 2. 11.30-11.35 Music at Night by J. S. Bach.

- 6.30 a.m. Schools programmes. 9.20 Ieso Noho. 12.10 p.m. Rain-bow. 12.30 Out of Work. 1.00 News plus FT Index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Wednesday Matinee. "The Comic." 4.20 The Sooty Show. 4.45 Mappie. 5.15 SportsScene. 5.45 News. 6.00 Thames at 6. 6.25 Crossroads. 7.00 All in the Game. 7.30 You're Only Young Twice.

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APPOINTMENTS

Senior executive posts on Board of Hargreaves Group

Mr. Frank Robinson has been appointed deputy managing director of HARGREAVES GROUP. Mr. Robert Strachan has been appointed assistant managing director and Mr. Michael Beck, assistant managing director, finance. Mr. Peter Robinson, formerly managing director of Amari World Steel, is managing director of ROBERT STEELS, a new company formed to trade internationally in stainless and alloy steels. The other directors are Mr. Beant Kathasia (chairman) who was with Satra UK and U.S. Steel International, Mr. David V. Ford, and Mr. Keith Freeman, previously with Amari World Steel and Mr. Gaiska Ortuza, who is also vice chairman of Iberian S.A. Amari World Steel has taken a minority interest in Robert Steels.

Plan to extend Derby airport

A DETAILED study is carried out into plans for extension to the runway East Midlands airport, for more international including Jumbo jets. The plans for an extra were put forward after port near Derby might at a standstill. Planning is also being sought for a four-storey, 100-bedroom terminal.

of of the
he tasting

Britain wins at Venice

by CHRIS DUNKLEY

At the Palazzo Labia watching eight hours a day for two weeks, a little like sitting back to the crowd watching a great build sand castles, concentrate on the you have to ignore the walls and the it happens that the w the Venice head- f Radio Televisione very nearly literally Tiepolo frescoes.



There is no psychoanalyst to Ascer- life is a Cemetery of devils still in store it will be obliged to, back on the stone- s of Tiepolo's "ban- ppatria," or to lower from the extra- rpoint I fell on the id focus met again unremittently busy reens. Still, perhaps argued that today's es a camera instead t (Even if he does, is to be rather less ut now than there.

Britain's unequalled record of success in the world's leading television festival has been powerfully sustained with the announcement that both the music prizes in the 29th Prix Italia have been awarded to Britain.

Intercolours £200,000 appeal: An exhibition of water- colour paintings by the Royal Society of Water-Colourists in Water-Colour Street, Conduit Street has been showing since last year, is considered the best display of current his rather over-looked.

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iant technology- from xas Instruments on page 4.

Art in Berlin

Dada and the New Reality

by WILLIAM PACKER

The Council of Europe's huge four part exhibition, Tendencies of the Twenties, that continues in Berlin until the middle of next month, is the fruit of the major re-creating of the history of modern movement that has been going on for some years past. As such, for modern art, as we know to our cost, continues to excite bitter controversy, it is of major interest not only to critics, scholars and artists but to the general educated public. For the perspectives by which we now use the early decades of this century have lengthened and broadened, and a new generation of historians has grown up to be fascinated by the events, movements and works of those times.

The Entertainment Guide is on Page 31

second and larger of the shows at the Academy of Arts, and of The New Reality, which fits the Orangerie of the Charlottenburg Palace. Such categories establish themselves easily enough, and indeed they are a great convenience; but we would be wrong in taking them to be at all hermetic. The need to make constant reference across the borders of all four of them, offers both the chief opportunity and the great treat of the entire enterprise.

connections and relationships for oneself. If the mass of material thus presented is admittedly somewhat daunting, it's quality comes as a considerable and most welcome surprise. For Dada has not always been considered the major creative influence it is now known to be, let alone a movement responsible for the production of fine and beautiful things. If anything, it was written off as a bizarre, nihilistic side-show, an interesting sociological symptom, perhaps of anti-artistic disposition during the Great War, marked by a few good jokes and general mayhem, but hardly important.



Tamara de Lempicka: Ce jeune fille en vert

It's sole achievement was to pave the way for Surrealism, of which far more people have heard something, and which several of its adherents subsequently embraced. Such neat and simple views, however, can no longer be sustained, and it is Surrealism that we now see taking a subsidiary, albeit still significant rôle. Like Constructivism, with which we now see it has many surprisingly close links, Dada was international, in spirit if not in name, bringing within its scope, it seems, the work of every avant-garde sect or cell. Simplicity and directness of

means married to wit, perhaps ironical, perhaps bitterly satirical, are its striking characteristics. Sometimes it is the elegant anti-art conceptualism of Duchamp, with his ready-made and his disturbing images, sometimes the formal sophistication of Schwitters, whose tiny abstract collages made from whatever scraps were in hand, from tickets and such-like ephemera, are among the most beautiful objects in the show. Collages are everywhere, from the word and typographical games of Brauer, Haussman and Ball, that question implicitly the very nature of the work, and its status as art, to the overt political and social comment of Heartfield, Grosz and Hannah Hoch. George Grosz is revealed as quite a hero, an all pervasive influence and everywhere in the show, now political collageist, now metaphysical painter, now satirical draughtsman and water-colourist. He is a major figure, who, because of the particular nature of his material and the peculiar circumstances of his situation, has been labelled too closely, and his appreciation thus limited. The same is true, though to a lesser extent, of Manly-Vasey, as happy with Constructivism as with Dada, a tuminary of the Bauhaus, a utavellously subtle and inventive photographer.

Further, but on a narrower front, dealing only with painting and that only of certain related kinds; which is not to say that it takes a narrow view. The show consists of some 200 paintings, the work of 75 artists from 17 countries: it is subtitled "Surrealism and the New Objectivity" and it, in effect, a demonstration of the figurative element in the modern tradition, from which are derived not only Surrealism as such, but also the more generalised surrealistic sensibility, sometimes barely more than a gentle sense of the incongruous, or an ironical detachment, that has informed all figurative painting ever since. Thus, alongside the familiar work of Dalí, Ernst and Miró, and its antecedents in Dada and the metaphysical paintings of de Chirico, Carrà, Grosz and de Miro, we see something of the hefty classicism of Picasso, the forceful expressionism of Beckmann, the decorative domestic of Matisse, and Lezer's proto-art-deco eclecticism.

These kinds of painting did not burst on an unsuspecting Europe along with the War; and the further back the period slips into history, the more apparent it is that they float haphazardly in the mainstream of western art to trip up river soon takes us into past post-impressionism and symbolism, for example, and on the spread of activity quite as far away as that, the fast waters of the late renaissance. But in the Orangerie we do see them in a fresh context; and the spread of activity quite as much as the infectious energy of it is most intriguing. Many of the world seemed to be falling apart, to break down old orthodoxies and test the most fundamental assumptions. Clearing and breaking up the soil are the vintage first acts of cultivation; and the ideas born of it, seeds put down by artists in many years spanning the Great War occupy us to this day. The exhibition in the Orangerie takes, the story a little show as a major figure.

Festival Hall

Mahler 2

The London Philharmonic Orchestra opened the 1977-78 Festival Hall season on Sunday with a superb performance of Mahler's Second Symphony, a magnificent that unkind comments about the concert programmes devised by the four non-BBC orchestras for the festival, in a paper, it is true, the impeccable robe of cautious, hardly varied clichés at the popular repertory would seem to reveal only artistic haughtiness; but, provided that the symphonic repertory is each time given with the intensity, fiery conviction, and strongly moulded playing that marked this Mahler account under Haitink, it may be worth visiting the Festival Hall this coming season after all.

After recent Prom performances of Mahler by conductors variable in their understanding of his musical world, the first movement of this Resurrection was like being plunged directly into the stream of Mahlerian inspiration. One awoke once again to the sense of the music: one was stirred once more to passionate interest in and enthusiasm for the vastness of its ideas; one was freshly bound to the beauty of the textures and timbres by playing with nothing in it of staleness or easily dispensed familiarity, but which seemed to draw with fresh urgency on all the peculiar paths and yearning of the music. It was not always perfect playing: faulty details made themselves heard—but only as if to remind the listener that human effort was being involved in a mighty undertaking. The achievement was admirable: for after long and fruitful co-operation with the LPO is currently being celebrated, the conductor has

Wigmore Hall

Academy of String Quartets

by RONALD CRICHTON

An International Academy of String Quartets recently gathered at the Britten-Pears School of Advanced Musical Studies which functions at the Snape Maltings. There were a number of distinguished teachers under the direction of Cecil Aronowitz Sunday's Wigmore Hall recital, at which three of the ensembles participating were heard, was one of four given over the week-end. The last of them took place in Lavenham parish church in Suffolk last night.

On paper, the idea of hearing three different string quartets in rapid succession sounds more like a competition than a concert, but the programme of Brahms, Debussy and Bartók was well balanced, and each group had something to give. Each, by the way, is a young team recently formed, with some experience. They may as well be described in the order in which they appeared.

The Guadagnoli Quartet (U.K., Ireland and Commonwealth) played Brahms in C minor warmly, sympathetically, and in the finale strongly, but with a tendency to slacken towards the middle of a movement. Intona-

tion was not perfectly clear. Deviations were slight: all the same, they were the equivalent of the difference between a glass of water perfectly clear and one that isn't. Hearing Debussy's Quartet played in tune with the appropriately named Primavera Quartet, was like sudden Spring sunshine after the slightly turbid Brahms.

At their first appearance, the four young ladies from New York, dressed in shades of off-white, looked almost too British to be true, but there was no trace of excess languor in their fresh, spirited, yet sensitive playing. Their only fault was a failure to realise that in this hall the softest playing will carry—

they were a fraction too loud for the more delicate passages. All the same, the slow movement, was very lovely. The widest dynamic range was to be heard from the Robert Quartet from Australia, who also showed remarkable control in the varied and demanding lectures of Bartók's No. 1. Possibly the subtle difference in mood between the first two movements was not securely enough caught because they are played without a break in the becomes more, not less, important, but the playing as a whole made an impressive end to an encouraging afternoon. There are clearly a number of promising quartets on the way up. What about the audiences?

Awards for Radio—1977 Four hundred and fifty nominations have been received for this year's Imperial Tobacco Awards for Radio. This is more than twice the number submitted last year, of which 25 per cent came from local radio. The announcement of the winners and the presentation of the awards will take place on Tuesday, November 8, at The Institution of Electrical Engineers, Savoy Hill, London, W.C.2. The awards will be presented by Lord Briggs, Provost of Worcester College, Oxford.

Jazz at the Wigmore Hall

French jazz pianist Jack Dieval will give a concert of music ranging from Gershwin to Duke Ellington at the Wigmore Hall on Sunday, October 2 at 7.30 p.m. He will be accompanied by British musicians Arthur Watts on bass and Allan Gantley on drums. Guest singer will be Agnes Sarkis.

Elizabeth Hall/Albert Hall

Gelber and Richter

by DOMINIC GILL

When I last heard the Argentinian pianist Bruno Gelber on the South Bank a few years ago, I found him a brilliant but curiously anonymous artist—tough and secure in his technique, but for all his virtues one who never quite caught the kernel of his music, or left us with any sense of overriding, compelling presence. The manner since then has become still more polished, and the technique, at its best, still more impressive. But Gelber is still a pianist to whom I do not warm quickly.

At his recital on Sunday afternoon, the playing was as well-schooled, efficient and profoundly well-meaning as anyone could wish: but it lacked centre and penetration; at every stage it fell short of what might (and should) have been its mark. There were fine moments everywhere: but most often they came too late, or were over-balanced by other, related miscalculations—Brahm's 16 Waltzes op.39 were delivered with admirable clarity and energy (and at the end of the set, a beautifully-timed appoggiatura), but without quickness of spirit or any kind of Ländler grace, essential catalysts. There was a sense of formula to the sound: each gesture learned by rote, each dynamic set to its grade—but inflexibility, so that after a little while the course of each piece became predictable, ceased to surprise.

In three Liszt pieces, Gelber took up the habit of smoothing the ends of almost every phrase. Unlike, with a little ritardando rubato—irritating mannerism, which robbed even the splendidly frenetic climax of *Harmonies du soir* of dramatic weight. He failed, too, for the same reason, to catch the full force of the last, breath-crushing climax of the third Mephisto Waltz—though elsewhere he gave us plenty of demonic glitter, and in the central section a page wonderfully persuasive singing.

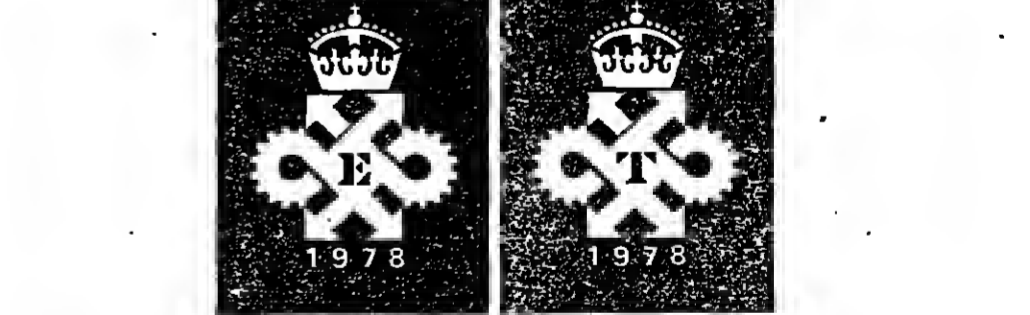
He ended with an uneven account of Mussorgsky's Pictures at an Exhibition: strong and clear of intent, but too anxious (notably in an alarmingly rubato *Vecchio castello*) to prove itself *espressivo*. The sound again was dull, and the dynamic gradings unstable, restricted to the main line of three distinct dynamic levels, *fortissimo*, *mezzo forte* and *piano*, with little in between. The unauthentic, but very effective, version of *Bydlo* which begins quietly and grows to a central climax calls in particular for more subtle treatment. The important Promenade between Goldenberg and Schmuyle and *Limoges*—presumably a memory lapse, not an alternative reading—was missed out entirely.

the Albert Hall with the Philharmonia Orchestra (since the first of this month no longer the NPO, but now re-possessed of their original title) under Riccardo Muti to play the C minor piano concerto at the centre of a Beethoven evening. It was a serious account, strong and thoughtful, dressed in sombre colours—lit once or twice by shafts of radiant light. Muti's opening tempo was a firm, easy allegro, rather than the deliberate side of con brio, which Richter joined in gentle narrative, without perturbation or haste—a quiet storm, told in full, luminous tones, hushed to half-voice at the magical return of the orchestra after the cadenza. The slow movement, a true largo, was proposed by Richter in the purest, most delicate pianissimo—miraculous too-colour, at the very edge of audibility it seemed, but of a carrying power that filled every corner of the hall. No pause after the last chord, but directly ottacento into the finale: again, a slowish tempo, snicmm (though never so-verel, a recollection of high spirits in tranquillity.

Then, as an encore—not so much as a change of heart, in a sudden gust of high spirits—Richter and Muti gave the last movement again, at the same thoughtful tempo, but more capriciously, struck with more powerful sforzando accents, and for the first time with quicksilver in the sound, clear-cut and brilliant. Marvellous contrast.

As a grand hors d'oeuvre to his solo recital at the Festival Hall next Sunday, Sviatoslav Richter appeared this Sunday at

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Call for commitment to democracy

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

THE European Commission called today on EEC governments to sign a declaration affirming their commitment to maintain pluralist democracy as a fundamental principle of the Community.

It is envisaged that the text would then be written into the membership treaties of each of the new members, so reinforcing, it is felt, their commitment to the development of their fledgling democratic systems and discouraging any future lapse into dictatorship.

Nine back IMF quota increase

BY OUR OWN CORRESPONDENT

EEC FINANCE Ministers have reached broad agreement to support a general increase to International Monetary Fund quotas of up to 50 per cent.

prospects for the British economy, in which the only dark spot was the continuing high unemployment.

Finland's budget up 14%

BY LANCE KEYWORTH

The German Finance Minister, Herr Hans Apel, has suggested that countries first troche of public expenditure totalling IMF credit, which is the most easily available, should be increased in value by as little as 20 per cent.

cent in 1978, the real increase is negligible. This is the third tight budget Bill in three years.

Karamanlis announces date for election

By Our Own Correspondent

PRIME MINISTER Constantine Karamanlis today told opposition leaders that he intends to ask the President to call a general election on November 20—nearly a year before Parliament's term ends.

An official announcement said the Government believes that national problems facing the country—the Cyprus issue, Greek-Turkish disputes over territorial rights in the Aegean, and Greece's negotiations with the EEC for full membership—will enter a decisive phase next year.

W. German defence budget shows more spending on arms purchases

BY JONATHAN CARR

WEST GERMANY will spend substantially more on weapons, chiefly on a new generation of weapons. Overall investment in the defence budget, kept on a tight rein since 1973, is increasing by 11.4 per cent.

The rise can be made chiefly because a tight rein is being kept on personnel costs and military construction. This is being used by the Ministry as an example of its determination to get still more value for money.

Italian crisis avoided

BY DOMINICK J. COYLE

THE ITALIAN political parties, including the Communists, who are maintaining the minority Christian Democrat Government, changes.

He accused Mr. Karamanlis of trying to be the arbiter of the country's political life, assuming the powers designated by the constitution to the President. He said he failed to see how Mr. Karamanlis, who commands 215 of the 300 seats in the present Parliament, could better deal with the country's problems after new elections.

Ekofisk gas on market

By Fay Gjester

NATURAL GAS deliveries from Norway's Ekofisk field to continental markets began last week-end, eight days after mark agreed to allow ship through the Ekofisk/Emdra line, which crosses the shelf.

Meanwhile, BP/Conoco terminal drilling operations with 3A, on Black Norway's continental shelf, was the first appraisal drilled after a promise was made last summer to 7/12Z. Tests of the appraisal structure, produced water. Another appraisal will now be sunk higher the structure, using the same

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Episcopalian split

Leaders of the 3m-strong Episcopalian Movement—America's equivalent to the Church of England—are facing a major split caused by the church's decision to ordain women as priests.

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EUROPEAN NEWS

مكزامن الأخبار

OVERSEAS NEWS

Government plans to continue cuts on pay and prices

CURRY

PARIS, Sept. 19.

The Government has announced plans to continue to apply a 1 per cent. cut to the 1977 budget, and to achieve its priority target of a 2.5 per cent. increase in the economy this year. The budgetary deficit is expected to be 0.5 per cent. of GDP, with the Government raising 2.2 per cent. of GDP in public investment (falling in the same proportion). The disappointing result this year certainly owes something to a much more sluggish reconstitution of stocks than originally anticipated, since the actual build-up will apparently be no more than about half the 1976-77 target.

The policy statement also contains its good news: chiefly, evidence that the Barre plan is bringing wage and price increases under control. Price increases should be some 9.3 per cent. in 1977, and about 8.7 per cent. in 1978, compared with the 10.5 per cent. increase in 1976. The monthly price index is expected to rise 4.5 per cent. in 1977, and 4.5 per cent. in 1978, compared with the 5.5 per cent. increase in 1976. The monthly price index is expected to rise 4.5 per cent. in 1977, and 4.5 per cent. in 1978, compared with the 5.5 per cent. increase in 1976.

Portugal repays \$300m. U.S. credit

By Our Own Correspondent LISBON, Sept. 19.

FIVE PER CENT. of Portugal's gold reserves—some 46.2m. kilos—has been transferred to the United States Treasury in settlement of a \$300m. credit contract in February through the U.S. exchange risk fund. At the end of last year, Portugal had 861 tons of gold, 308 tons of it in use as collateral for loans.

According to the National Statistical Institute, the trade deficit from January to July totalled Esc.37,445m. (822m.) showing an increase of more than Esc.22m. (1235m.) over the same period last year.

Meanwhile, Socialist leaders met at Premier Mario Soares' summer residence in Sintra at the weekend. The Socialists are seeking to rally support around an emergency platform to guarantee parliamentary stability, avoiding lengthy debates and concentrating on national recovery. Party leaders are understood to have given Mr. Soares the go-ahead to re-structure the Government at the first opportunity. With the recent resignations of the Treasury and Planning State Secretaries, vacancies and important financial posts are likely to be filled by social democratic technocrats.

It was also decided that left-wing party members affiliated in the worker fraternity movement, among them the controversial former Minister of Agriculture, Sr. Lopes Cardozo, must decide between the party or the movement.

Heavy shelling continues in new S. Lebanon fighting

BY IHSAN HIJAZI

BEIRUT, Sept. 19.

ARTILLERY duels between Palestinian guerrillas and Israeli-backed Christians in southern Lebanon continued today but no movement of troops was reported.

There was no confirmation of reports that the Palestinians had taken the offensive, and were advancing on the Christian stronghold of Marjayoun, about five miles from the Israeli border. Hill tops located between Marjayoun and the Palestinian-held town of Khiam were the scene of the heaviest fighting during the past three days.

The Palestinians said that they had recaptured the strategic Shuraki Hill, but lost another after the Israelis and Christians launched a tank attack overnight.

Accurate casualty figures were not immediately available, but the new round of fighting has forced hundreds of families out of their villages in the Nabatiyah area.

The town of Nabatiyah itself, which is under Palestinian control, was badly devastated by constant Israeli and Christian shelling, according to eyewitnesses.

Mr. Yasir Arafat, Chairman of the Palestine Liberation Organisation, who claims to have taken personal command of "war operations in the south," has sent urgent messages to Arab Heads of State calling for assistance against Israel in southern Lebanon.

At the weekend tension rose as Israeli forces were reported here to have moved into the area around Metulla, just across the Lebanese border, poised to strike in force. Fifty tanks and two battalions were said to be poised to strike in an effort to assist the Christian militiamen to dislodge the guerrillas from their positions near the frontier.

The intervention was apparently planned after an Israeli-backed assault by the right-wing Phalangist forces had failed.

With the help of Israeli tanks, the forces first entered the villages of Kfar Choubah and Kfar Hanam, three miles from the Israeli border on the slopes of Mount Hermon, and tried to advance from there to the Palestinian-held town of Khiam. Simultaneously, Christian troops from Marjayoun to the east pounded Palestinian positions in Khiam.

The Christians coming from the West made little progress.

David Lennan adds from Tel Aviv: The Israeli army has stepped up its preparedness on the Lebanese border, because of fears that the Syrian forces may intervene in the fighting in southern Lebanon.

However, there are no indications so far that Israel has increased its military assistance to the Lebanese Christians. Israel has already acknowledged that it aids the Christians by shelling the Palestinian positions, and that it has supplied the Phalangist fighters with arms and ammunition.

The next step in Israeli involvement would be the introduction of ground troops, a major step which, if revealed, could lead to serious repercussions—perhaps even a new Middle East war.

While Israel is determined to try to clear the Palestinian fighters away from the border, it is not certain that the Government here would be willing to risk a full-scale war to attain this limited objective, which Israel hopes can be achieved through pressure on the Lebanese and Syrian rulers of the country.

The escalation in the fighting over the past few days, and the successes of the Christian forces, have increased the feeling here that the Syrians may sooner or later move to support the Palestinian forces.

Analysts here believe that the Israeli strategy is to establish control in southern Lebanon from the border to the Litani River. The Israelis had already set the river as the "red line" beyond which they warned, the presence of Syrian troops of the Arab League peace-keeping force will not be tolerated.

Mr. Arafat said last week that he had received indirect warn-



Saudis deny U.S. treaty reports

By Our Own Correspondent BEIRUT, Sept. 19.

SHEIKH Mohammed Ahal Khalil, the Saudi Arabian Finance Minister, has strongly denied allegations that his country had concluded a secret treaty with the U.S. over oil and financial co-operation.

The Minister, who is also chairman of the Saudi-American joint commission for economic co-operation, dismissed as "outright fabrication" reports which had appeared in the West about such a treaty. In an interview published here today in the daily Al Anwar.

A London-based publication, International Currency Review, has reported the alleged treaty was concluded with the Ford administration and endorsed by President Carter.

Under the alleged accord, Saudi Arabia reportedly promised to invest 50 per cent. of its balance of its oil payments surplus each year in non-redeemable United States bonds at 7.5 per cent. and at maturities of as long as 25 years. In addition, the Saudis allegedly agreed not to raise the posted price of their crude by more than five per cent. a time, whatever the size of price rises adopted by other OPEC members.

The report received wide circulation, and was cited recently by Mr. Mohammed Hassan Helkal, the former editor of Cairo's Al Ahram, as evidence that the Arab oil weapon was no longer effective.

Sheikh Ahal al Khalil said his country was a target to a systematic campaign "because the kingdom constitutes the central weight of financial support for the Arab cause." He also denied allegations that there was an unsuccessful coup attempt in Saudi Arabia last July.

SALES IN RUSSIA

Making a healthy rest

BY DAVID SATTER IN MOSCOW

IT masses are once again flocking away from the city to the resorts, back to school grounds, exercise and recreational facilities, and a secluded stretch of private beach.

The biggest exodus from Sochi, the resort town on the Black Sea, is the annual "Russian week" at the height of the holiday makers were a rate of over 50 and 100 flights a day.

In the 1930s as a working people, Sochi was a haven for hundreds of tourists in private homes for roubles 1.50 (say £1.20) a night, bungalows, arcades, long queues at restaurants and crowds milling along waterfront cafes, and beaches so packed and rows of crowded that there is hardly a rise sanatoria and room to sit.

sanatoria, they generally provide semi-private rooms, landscaped grounds, exercise and recreational facilities, and a secluded stretch of private beach.

But most of the hundreds of thousands who pour into Sochi at the height of the season do not stay in the rest homes or sanatoria. These "wild people," as the Soviet press calls them, participate in the unorganised side of Sochi life—a world of cut-price private homes for roubles 1.50 (say £1.20) a night, bungalows, arcades, long queues at restaurants and crowds milling along waterfront cafes, and beaches so packed and rows of crowded that there is hardly a rise sanatoria and room to sit.

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Wild people who do not get a treatment consisting of them to use a sanatorium clinic and its other facilities. Packages can even be purchased following a medical examination at the Sochi railway station, provided by an on duty doctor for new arrivals, just getting off the train.

Sochi grew up around the idea of organised rest, but because of the attraction to individual visitors to the Black Sea coast and the Matsesta waters, the "wild" side of life grew up along with it. Demand for places in rest homes and sanatoria in the Soviet Union is now several times greater than the supply, and no programme of major resort construction is currently under way.

Although there can be more than 800,000 visitors to Sochi at any given time during the season, there are only 200,000 rest home or sanatoria places. This shortage gives rise to the two different ways of vacation life. The difference is visible from one of the hydrofollis which regularly carry passengers between the resorts up and down the coast. From several miles out to sea, the green foothills of the Caucasus mountains form a backdrop to a chequered pattern where densely crowded beaches alternate with the beaches of the rest homes and sanatoria which appear all but empty by comparison.

The sanatoria or rest homes are inexpensive. In the Metallurg Sanatorium, the maximum cost of four days of treatment and rest costs 160 roubles (£12) of which routes 45 (£3) is paid by the patient, the rest by his trade union. Places are frequently apportioned by an organisation on the basis of that organisation's own needs. Individuals who work in different ministries or organisations, even if they happen to be married to each other, are frequently given different packaged vacations, at different places and different times. Only about 30 per cent. of those in the Sochi sanatoria or rest homes come with their families, compared with an estimated 90 per cent. of those who come to Sochi under their own steam.

At the height of the season Sochi is a mix of Russians, Armenians, Georgians, Ukrainians, and Tatars, and feels like the summer crossroads of the Soviet Union. Those who cannot get places at the rest homes or sanatoria make arrangements with the private owners whose wretched cottages line the shaded by-ways and streets. Typical "wild people" live four to a room, and either reserve places by writing in advance or make arrangements on arrival with a landlady waiting at the railway station or through the nearby apartment bureau.

Foreigners

Sponsored visitors and the "wild people," as well as the foreign tourists who make up a third and growing category of Sochi holiday makers, seem to co-exist happily.

Sochi has no serious crime problem, attributed perhaps to measures like a ban on sleeping on benches, on the beach, or in the parks which is intended to prevent the "wild people" from becoming too wild. There is relaxed atmosphere along the boardwalk with a relative absence of hortatory political signs.

The Moscow newspapers do not arrive until the second half of the day. At night, the sounds of western rock music drift out over the harbour. Couples newly joined or long established—walk arm in arm along the shore.



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OVERSEAS NEWS

Parties clash in Pakistan pre-election campaigning

ISLAMABAD, Sept. 19. ONE MAN was killed and three people wounded, sources said, as violence erupted on the first day of campaigning for the Pakistani general election...

Australian energy investment predicted

CANBERRA, Sept. 19. CAPITAL expenditure in Australian energy industries over the next 10 years are expected to exceed \$20bn...

NIGERIAN POLITICS Preparing the politicians' return

ON THE DAY when Mr. Ian Smith faced his white electorate in Rhodesia, elections took place on the other side of Africa which, though much less publicised, could ultimately prove of far greater importance...



Gen. Olusegun Obasanjo... too far to turn back

Nigerians are a highly political people. They have always seen military rule as an aberration and each successive military Government has produced plans for a return to civilian rule...

Police fire on youths in Soweto

POLICE FIRED shots in two separate incidents in the black township of Soweto yesterday when youths began stoning them, according to Major General David Kriel...

Mrs. Gandhi goes on tour

IN HER bid to stage a comeback, Mrs. Indira Gandhi, the former Prime Minister, paid a day's visit to Rae Bareilly in Uttar Pradesh where she was defeated in the parliamentary elections in March...

Cholera moves to Kuwait

KUWAIT today officially reported travellers from other unnamed Arab countries had introduced three cases of cholera into the country as the disease continued to spread in the Middle East...

China campaign against army radicals

PEKING, Sept. 19. ONE OF China's most respected marshals said today that a campaign was under way within the Army to destroy any remaining influence of ultra-left-wing followers of the purged Gang of Four...

Israel mission to strengthen Pretoria ties

ISRAEL INTENDS to strengthen further its ties with South Africa through the planned visit to Pretoria later this year of Mr. Simcha Erlich, Minister of Finance...

CONFERENCE ON THE ANTARCTIC

U.K. calls for exploitation accord

THE BRITISH government called yesterday for an international agreement to regulate future exploitation of resources in the Antarctic, and warned that failure to achieve this may result in "despoiling" the Antarctic environment and "decimation" of its resources...

Cambodia raises border tension

HONG KONG, Sept. 19. CAMBODIA has brought its border dispute with Vietnam into the spotlight by saying its army was determined to defend the country against "land-grabbing bandits"...



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Thailand rejects Vietnamese

BANGKOK, Sept. 19. THAILAND today refused to admit 75 Vietnamese refugees aboard a Norwegian ship which picked them up two days ago from a fishing boat in the South China Sea.

Carter, Dayan in talks on Israeli peace proposals

BY DAVID BELL

President Jimmy Carter and Israeli Prime Minister Menachem Begin are expected to meet in Jerusalem today to discuss the Israeli peace proposals...

The possibility that something has emerged from the talks is not entirely discounted here; and it may be significant that Mr. Basal Aqi, a senior member of the PLO, is quoted in the New York Times from Cairo this morning as saying that if the PLO receives a separate invitation to Geneva, it will then be prepared to accept a Pan-Arab delegation...

Finance Ministers meet in Barbados

WASHINGTON, Sept. 19.

Finance Ministers from the Commonwealth countries met in Barbados this week pursuing a common vision of a new world economic order...

Lance committee split on what to do next

BY DAVID BELL

THE TWO senior Senators on the committee inquiring into the tangled affairs of Mr. Bert Lance, the U.S. Budget Director, said today that they still think that the committee itself appears to be hopelessly split on what it should do next...

Sen. Abraham Ribicoff, the Democratic chairman of the committee, said this morning that there would be no more hearings after today for at least two weeks while the committee decided what to do next...

Accountancy regulation plan

WART FLEMING

Efforts to try to forestall a threat of further control over the American Institute of Certified Public Accountants...

Another key change is that the institute is to take power to discipline member companies instead of individual members of the profession as now...

Prime rate rise

NEW YORK, Sept. 19.

The First National Bank of Chicago has said that it is raising its prime rate to 7 1/2 per cent from 7 per cent effective today...

Alberta oil swaps

NEW YORK, Sept. 19.

Canadian Energy Minister Alastair Gillespie has said that the next move is to the U.S. in arranging oil swaps that will allow continued shipments of Alberta oil to refineries in the mid-Western U.S.

Delta cuts Florida air fares

BY OUR OWN CORRESPONDENT

PRICE CUTS of up to 50 per cent have been announced by Delta Airlines in a bid to corner a larger share (now 17 per cent) of the New York-Miami-Florida travel market...

Delta plans to offer rock-bottom, no-frills passenger service which means no food, no films and only soft drinks and coffee for free...

United Nations

A fresh beginning with fading hopes

BY OUR UN CORRESPONDENT

SESSION of the United Nations General Assembly opens in New York on September 20. Little progress made in the solution of world since delegates from 100 countries were last seen in his annual report...

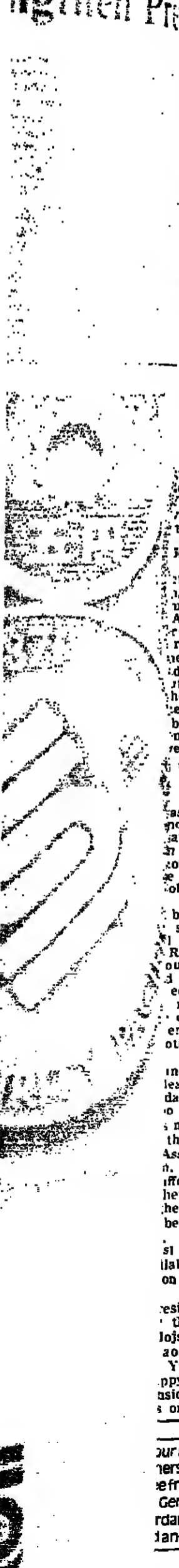
There is a widespread feeling that this may turn out to be a very difficult UN session, and a severe test of the whole concept of multilateral diplomacy embodied in the Charter...

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ON OTHER PAGES International Company News Anderson Clayton withdraws Fokker and the unions 28/29 Farming and Raw Materials: N. Zealand lamb losses 33 Jamaica sugar crop 33 Korean steel industry 30



WORLD TRADE NEWS

Japan slims trade surplus in August

BY CHARLES SMITH
AFTER BREAKING all previous records with its July figures, Japan has reported a relatively modest trade surplus for August...

Venezuela \$1bn. deal will go to Brazil

By Joseph Mann
CARACAS, Sept. 18. THE VENEZUELAN Government will sign a \$1-billion contract with a Brazilian group...

India plans boost to economy with imports of capital goods

BY K. K. SHARMA
NEW DELHI. INDIA is planning imports of capital goods, machinery and small-scale sector...

Tourist boom aids Spain's foreign reserves

BY DIANA SMITH
THIS SUMMER'S tourist boom and an all-time record for Spain, a drop in imports of crude oil...

Swiss trade deficit up

By John Wicks
ZURICH, Sept. 19. THE SWISS monthly foreign trade deficit in August reached the highest level since October...

Multinationals face criticism

BY OUR OWN CORRESPONDENT
NEW DELHI, Sept. 19. India's Home Minister, Mr. Singh said that while the Charan Singh...

Our progress in manpower is your business too.

MSC MANPOWER SERVICES COMMISSION Annual Report 1976-77. SKILLCENTRES, JOBCENTRES, DISTRICT MANPOWER COMMITTEES...

Iranian oil exports up over 1976

By Andrew Whiteley
TEHRAN, Sept. 19. IRAN'S oil exports last month recovered from the usual summer low to reach the 5.2m. bpd level...

Britain wins £9m. order from Libya

BRITAIN HAS won an order worth more than £9m. to supply special high frequency radio equipment for the new international airports at Tripoli and Benghazi, Libya.

Nuclear fuel deal

Argentina's Atomic Energy Commission (CNEA) has signed a contract with Kraftwerk Union (KWU) for the purchase of D50m. worth of nuclear fuel for its Atucha nuclear power plant.

Tunnel project

Yugoslavia and Austria will build a 7.8 kilometre (4.8 mile) tunnel through the Karawanken Alps, their border at a cost of more than £100m.

Kuwait reconsiders

Kuwait is reconsidering plans to set up a nuclear power and desalination plant due to higher price estimates.

British Gas plan

BRITISH Gas and ALH Systems of Westbury, Wiltshire have combined their resources to promote the use of British products and technology in maintaining overseas gas distribution networks.

India's Home Minister...

Mr. Singh said that while the Charan Singh, who is one of the main architects of the Janata Government's economic policies...

Mr. Normanton...

Mr. Normanton, also president of the Inter-Industrial Federation of Cotton and Allied Textile Industries, suggested a new arrangement due for renewal on January 1.

Favoured treatment on textile exports

INDIA and Pakistan will receive favoured treatment for their textile exports to the European Economic Community under the International Multi-Fibre Arrangement...

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Satellite fers back

NATIONAL plan for... AEROSAT...
The proposed joint truck-building venture by Ford and the Egyptian Government, now under detailed discussion, would bring substantial orders to the company's commercial vehicle factories in Britain.
It is proposed to build a new factory beside the existing Ford plant in Alexandria.
At present, the Alexandria works are merely ticking over, carrying out general engineering work. The long-term idea is to turn out 15,000 trucks a year from the facility, mainly of the D series, to be sold throughout the Arab world.
In the past the chief obstacle to such a project has been Ford's inclusion in the black list of companies drawn up by the Arab Office for the Boycott of Israel. It is thought that the ban may now be dropped. The Egyptians are keen to go ahead, and quickly, even if it is not.
£100m. project.
The reason for the boycott is that Ford has refused to discontinue supplying a small car assembly plant run by Israelis in Israel.
The project would mean large orders for Ford's truck plants at Langley, Buckinghamshire, and Swansea, which make gearboxes. The engines would be

Ford may build 15,000 trucks for Arab world

BY STUART ALEXANDER

hull in Egypt after a joint rebuilding and re-equipment programme costing up to \$100m., with Ford the major partner.
Ford recently bought ten acres next to its Langley plant. It has announced no capital spending plans to cope with the almost 35 per cent. increase in production of 15,000 trucks a year would mean.
The Egyptian plant would not come under the \$700m. six-year truck spending programme recently announced by Mr. Robert Lutz, president of Ford Europe.
In the U.K., it is thought that an increase in capacity of the order foreseen would almost certainly lead to another production line having to be built, and perhaps 1,000 more workers employed.
The trucks would be sent to Egypt in knock-down form for assembly locally. KD trucks are at present produced at Langley, with cabs at Southampton and power train equipment in South Wales.
Ford recently announced that it is to spend £18m. on a car engine plant at Bridgend which will create 2,500 jobs.

New Irish link urged by SDLP in Ulster

By Our Belfast Correspondent

THE SOCIAL Democratic and Labour Party, which is mainly Roman Catholic, will today publish a policy reassessment expected to urge the British Government to work closely with the Irish Republic to solve the political problems in the province.
It places a renewed emphasis on the so-called Irish dimension, which has already led to a row between the party leadership and Mr. Paddy Devlin, one of the SDLP's founder members.
He was expelled from the party on Saturday, a month after attacking its policies. He claimed that the leadership had forsaken its social objectives for Irish nationalism.
The party is expected to ask the U.K. Government to cooperate with Dublin in an effort to get the Ulster political parties together to discuss a form of government.
Dr. Conor Cruise O'Brien, a former Minister in the last coalition Government in the Republic, said recently that a majority of the people in Ireland no longer wanted a united Ireland through the party of the island.
But Mr. Gerry Fitt, the SDLP leader, said yesterday that Dr. O'Brien was "patently wrong".
The overwhelming majority still wanted a united Ireland through consent and reconciliation.

Liability cover 'inadequate'

TRADE ASSOCIATIONS from the service industries have been warned that their members may find themselves seriously under-insured when a new Bill limiting the way in which companies can restrict their liability for negligence comes into effect in February.
The **Unfair Contract Terms Bill**, which was rushed through its final stages largely unnoticed in the last flood of Parliamentary business before the recess and which is expected to get the Royal Assent in October, will mean companies can no longer exclude liability for negligence resulting in death or personal injury.
The result should stop judges having to give verdicts where a woman whose husband drowned in a holiday camp swimming pool, was told that she could not have any damages even though the company was partly to blame for the accident.
The legislation will affect a wide range of terms in contracts and notices by suppliers of services, both in dealings with other companies and with consumers.
It may mean that many companies' insurance cover is inadequate as their policies may specifically exclude cover for such claims.
Notices such as "the management accepts no responsibility whatever for accidents on the premises" will no longer guarantee a company immunity from aggrieved consumers.
Equally, clauses in contracts restricting liability will be open to challenge in court.
The legislation also means that clauses which exclude or restrict

liability for negligence resulting in damage to property will be subject to a test of "reasonableness".
Thus the courts in the event of a claim, would have to decide whether the sign offered by car park operators, stating that cars are left at the owner's risk, has any validity.
Where services were offered free—as in the case of a doctor's car park—the court might decide a disclaimer was reasonable. But where a charge is made, the court might conclude the company should not be able to avoid responsibility for accidents caused by employees' negligence.
The Bill means that many companies will have to think again

of the spirit of the Supply of Goods (Implied Terms) Act, which already nullifies the effect of disclaimers like "no-money-refunded" in shops, to service contracts.
In other respects, it goes beyond the Supply of Goods Act by dealing with negligence and by making it more difficult for companies to restrict liability.
The consumer's rights to goods of "merchantable" quality, for example, which already applies to goods bought, is extended to hire agreements.
The kind of indemnity clauses used by some cross Channel ferry operators will be subject to the new test of reasonableness. These clauses, which have been

right to alter the nature of the agreed services at the last minute.
This was a problem in the holiday industry until the Association of British Travel Agents improved its code of conduct, as companies were able to claim technically that they were fulfilling contractual obligations as long as they provided a holiday of equivalent value.
Many companies offer compensation in circumstances where the law does not demand it. These companies will presumably have adequate insurance cover.
But the Department of Prices believes there may be others which may find themselves under-insured in February and which might be unable to meet claims.
The problem, it stresses, is not just one for companies dealing with consumers but may also affect business contracts.

INSURANCE WARNING

BY ELINOR GOODMAN, Consumer Affairs Correspondent

THE WELSH Development Agency is making available a factory of 25,000 square feet and a loan of £36,000 to help Lamplight Farms Inc., of Wisconsin, to establish a manufacturing operation at Llantrisant, Mid-Glamorgan. Production with a work-force of 40 will start in January and about 75 per cent of the output will be exported.
£2.5m. facelift
BUTLIN is to spend £2.5m. on improving facilities at its holiday centres at Ffiley, Bognor Regis and Hirehead.

Mer Home Office def to be new Jersey Docks chief

LLOYD, INDUSTRIAL STAFF
HUR PETERSON, permanent Under-Secretary of Home Office, is to be irman of the Mersey Harbour Company. He is to take up his duties on September 27.
John Page, now the National Ports Board chairman, comes to the Mersey as one of three "A" directors who are chosen by the company's shareholders.
The chairmen have worked in the ranks of the Mersey Harbour Authority. Mr. Peterson, who was Under-Secretary at the Department of Economic Affairs, 1964 to 1968, and director-general of the Greater London Council, 1968 to 1972.

W interest in aid n for foundries

WETH GOODING, INDUSTRIAL CORRESPONDENT
There has been an upsurge in the Government's ferrous foundry investment scheme which got off slow start after the January.
There have been 69 formal applications to the Department of Industry to meet the eligible costs of investment in plant and machinery.
As with financial aid schemes for other industries, a grant of 25 per cent will be available at the discretion of the Department of Industry to meet the eligible costs of investment in plant and machinery.

John whisky sales 70% against trend

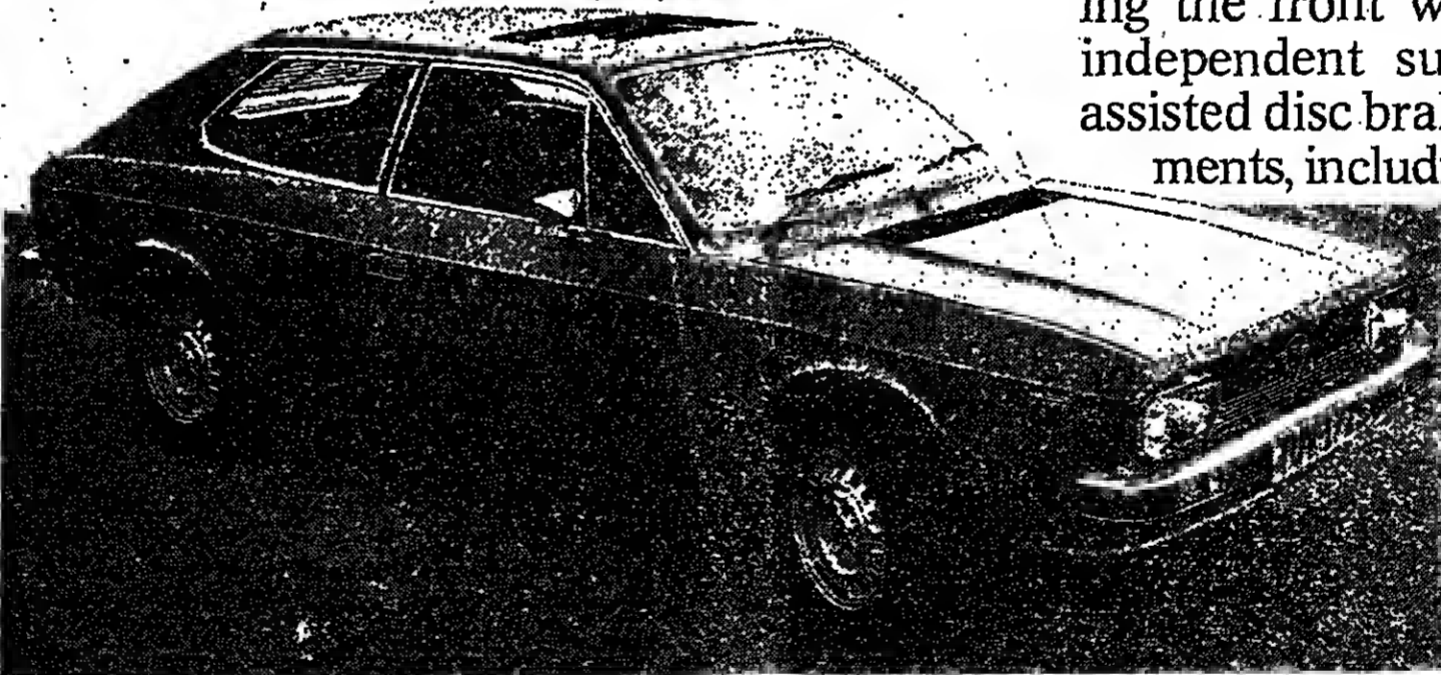
WETH GOODING
The Whitbread outlets took 480,000 bottles, nearly two thirds more than in the first five months of last year. Other U.K. sales reached more than 840,000 bottles.
Long John admits that the fact it held back a price increase until July while other major brands put them through in April contributed to the improvement.
The brand now aims to sell 1.32m. bottles through Whitbread outlets this year and a total of 3.3m. in the home market.

Office to boost F use by sailors

LLOYD, INDUSTRIAL STAFF
OFFICE is launching broadcasts on the weather, gale warnings and navigational hazards.
Services to pop music fans are being expanded, too. From this week, the 154 number in the heggao yesterday.
London cricket scores will be given over to ten new releases of the week. The records will be "potential" rather than actual hits.
Two records will be played each weekday, one from 8 a.m. to 3 p.m. and the other from 3 p.m. to 8 a.m. the following morning. All ten numbers will be exchanged for calls and make routine re-played during the weekend.

YOU MAY NEED IT, BUT DO YOU WANT IT?

There are many sensible reasons for buying the Lancia Beta HPE. It is a sound family car because it seats five people in comfort. It has a practical door at the back giving access to 42.36 cubic feet of luggage space. You can fold both rear seats forward, or just one to carry a long load and a third passenger, happily side by side.



an estate car or is it a very sleek sports coupé? First, you're surrounded by unaccustomed luxury: fitted carpets, cloth upholstery (PVC if you prefer), integral headrests, wrap-round rear seats and big car leg room, front and rear. Second, you're in charge of quite startling performance. The 1600 version has a top speed of 108 mph. A twin overhead camshaft engine, driving the front wheels. Five gears. All round independent suspension. All round servo-assisted disc brakes. And a full array of instruments, including rev counter, clock, oil level, oil pressure and oil temperature gauges. The 2000 model (shown here) has a larger version of the same engine, its own distinctive alloy wheels, higher top speed and a sliding steel sun roof as standard. So if you've got sensible reasons for buying an estate car, why not try the Lancia Beta HPE for size? You may find you end up wanting it even more than you need it.

The Beta High Performance Estate Range: Beta 1600 HPE - £4,785.50. Beta 2000 HPE (as illustrated) - £5,131.62.

We only tell you these sensible things first because the HPE is not a car that it's easy to be absolutely sensible about. In fact its classic Italian looks alone have been known to turn many heads on sight. Is it

*Prices include VAT at 8% and car tax, inertia reel seatbelts and delivery charges (UK mainland), but exclude number plates. Prices of other Lancia ranges start at: Beta Saloons - £3,175.58; Beta Coupes - £5,643.58; Beta Spydres - £4,723.29. The Beta Monte-Carlo costs £5,927.22.

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Personal Export: If you are eligible to purchase a Lancia free of taxes, contact our Export Department.

HOME NEWS

White Paper possible on Agents

BY MARGARET REID

THE GOVERNMENT is considering issuing a White Paper on Agents...

The idea is that the White Paper should appear simultaneously with the report...

The bulk of the report was delivered to Mrs. Judith Hart...

The report is expected in the next few days...

The other members of the committee were Sir Edward...

The Agency's disastrous experience between 1968 and 1974...

Supervision

The 1973 Government grant was sought by Mr. John...

The report is reported to be critical of lack of adequate supervision...

The Ministry of Overseas Development, the Treasury...

Relax some controls, Whitehall is told

FINANCIAL TIMES REPORTER

WHITEHALL DEPARTMENTS should re-appraise the way they work with local authorities...

Departmental attempts to influence the precise content of local authority services...

The report was requested by Ministers following the 'Think Tank' study...

It sees these relationships as remaining to remain complex...

The report comments approvingly on the development in Scotland of a system of 'social

hall departments are likely to remain organised on a service basis...

Although several changes have been made in recent years to encourage more corporate thinking at local levels...

Approval Specific recommendations include: further reductions in inter-service boundaries...

The report was requested by Ministers following the 'Think Tank' study...

It sees these relationships as remaining to remain complex...

The report comments approvingly on the development in Scotland of a system of 'social

politics and programmes" analogous to the present system of transport policies...

Meanwhile, the Department of the Environment should develop its role as the local authorities' 'friend at court'...

In general, central government should concentrate less on pressure and control...

This will require understanding on the part of Parliament, the right advice on the part of officials and self-restraint on the part of Ministers.

Relations between Central Government and Local Authorities: Report by the Central Policy Review Staff. SO, £1.75.

Kensington is likely choice for London's new mosque

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

LONDON IS to get its second purpose-built mosque. After completion of the 4th Central Mosque in Regent's Park...

The Regent's Park project was first planned in 1944 when the Commissioners of Crown Land made the site available...

Work on the Central Mosque started in April 1973 and the scheme was completed this year.

The cost was met by donations from the Government of Saudi Arabia, the United Arab Emirates, Kuwait, Bahrain and Libya.

The new project is likely to be on a similar scale to the Central Mosque, which has a regular attendance of about 300, although it can accommodate several thousand worshippers on special occasions.

In view of the complex planning arrangements and building problems encountered at Regent's Park—including the discovery that draft plans had been based on a line 14 degrees off the true direction of Mecca—the development of the new mosque is likely to be protracted.

Britain's Muslim population, swelled by the annual influx of Middle Eastern tourists, has been estimated at between 500,000 and 1m.

There are already about 400 mosques in the country, but the Central Mosque was the first of its scale to be purpose built.

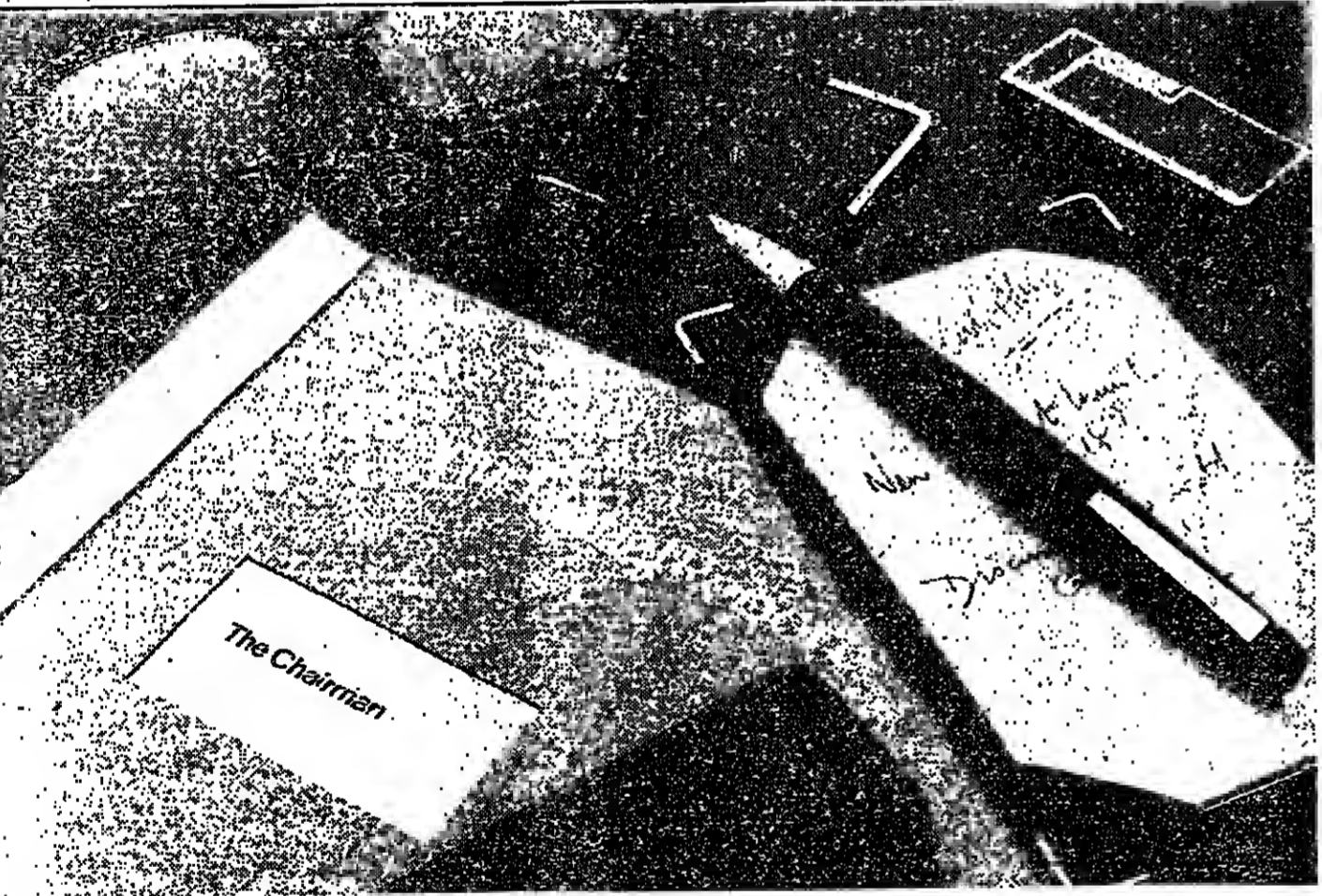
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This man aims to invest £500,000 in a new production line for his company. We aim to give him all the help he needs. There comes a point when every successful and expanding company needs finance...

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Dr. John Cunningham "Waste may cost £1.3bn."

Energy waste may total £1.3bn.

By Ray Daffer, Energy Correspondent

WASTED ENERGY may be costing the country £1.3bn a year, according to Dr. John Cunningham, Parliamentary Under-Secretary for Energy.

The new estimate comes as the department is preparing for a national conference designed to give great impetus to energy conservation in Britain.

More than 700 delegates from industry, commerce and the public sector are expected to attend the first National Energy Managers' Conference on Birmingham on Monday.

Mr. Anthony Wedgwood Benn, the Energy Secretary, will make his first big speech on energy conservation and is expected to outline the latest Government plans for cutting down on the use of fuels.

Dr. Cunningham said yesterday that across-the-board savings of at least 10 per cent were possible.

One problem is that companies and other organisations often delay taking energy-saving measures because they doubt that such actions are cost-effective.

Yet the evidence shows that investment in energy conservation can involve remarkably short pay-back periods.

Free rail trips for cycles may continue

Financial Times Reporter

CYCLISTS are likely to be allowed to take their machines on trains free of charge permanently.

During a five-week free travel for cycles experiment, this summer cyclists were asked to fill out a card giving basic travel information. The information has been analysed and presented to the British Rail Board.

The results are so encouraging that it is very likely that the Board will approve the idea, British Rail said yesterday.

About 40,000 tickets were issued to cyclists during the experiment, compared with 10,000 a year before.

British Rail previously charged half-fare for carrying bicycles up to a limit of £4. From the evidence it seems that most of those taking free carriage were holidaymakers.

British Rail said there might be problems if a large number of commuters took advantage of the service, since there was a limit to the capacity of the guard's van.

Banned United announces record profits

BY RHYS DAVID, TEXTILES CORRESPONDENT

MANCHESTER UNITED stands to lose several hundred thousand pounds in gate money as a result of being banned from playing in the European Cup Winners Cup.

The ban, announced by the European Football Union from its headquarters in Bern yesterday, came after clashes in France between United fans and police before and during the match at St. Etienne, France, last week.

Ironically, the decision came the same day as the club was able to announce record profits for last season—based very largely on its success in English competitions, including the F.A. Cup, and on appearances in Europe.

The club's gross profit last year amounted to £564,937, and after payment of tax total earnings were £477,893. The profits have enabled United virtually to eliminate a £500,000 overdraft at the start of last year.

A successful run in Europe would have assured United, who have not needed to buy any expensive players recently, of another highly profitable year.

The club was defended by Mr. Denis Howell, Minister for Sport, who said that UEFA had made a hasty decision.

"We were collecting evidence ourselves about the failure of UEFA to take proper steps to control the situation," he had personally warned union officials a week before last week's cup tie when he was in Brussels.

United, who follow Glasgow Rangers and Leeds in being barred from top European competitions, are in appeal.

The Football Association yesterday suspended former Leeds and England manager, Don Revie, until he answers a charge of bringing the game into disrepute.

However, it has not applied to the International Federation of Football Associations, to make the ban worldwide.

Mr. Revie, therefore, will be able to continue as national team manager in the United Arab Emirates, where he has signed a four-year contract worth £340,000. But he cannot take up any new position in England.

Telephones growth falls below 6%

BY DAVID FISLOCK, SCIENCE EDITOR

GROWTH IN the number of telephones world-wide has fallen below 6 per cent for the first time in 20 years, according to an annual survey conducted by ITT, the American telecommunications manufacturer.

During 1975, the number of telephones increased by 31.2m—a rise of 5.9 per cent—to a total of 578.8m.

Over the ten-year period to January last year the number of telephones grew by 184.5m, an increase of 94 per cent.

During 1975, three more nations—China, Hong Kong and Turkey—joined the category of those with more than 1m telephones in service, bringing the total to 26 with more than 1.9m.

The U.S. with more than 139m telephones, heads the league table, followed by Japan (45.5m), U.K. (21m), West Germany (19.6m), and USSR (16.9m).

In terms of telephones per 100 people the U.S. with 69.49, followed by Sweden (66.07), Switzerland (61.09), Canada (57.15), and New Zealand (50.18). Britain has only 37.51 telephones per 100 population.

The proposals are made by the Japanese industry and are expected to be adopted after a survey of the economy, emphasising that it is not island's aim to "go it alone" regarding its relationship with Japan itself in the past.

But Datsun U.K., the leading importer of Japanese cars in Britain, said yesterday that it envisaged no real problem in meeting the new standards in time.

The Japanese industry regard this as a threat to their sales in the U.K., where regulations affecting foreign car sources within the Japanese industry.

The type approval regulations, which govern the standards for cars on sale in the U.K., come into effect on April 1 next year. They will mean a tightening of present safety standards, says the Department of Transport.

Mr. Bruce Millan, Scottish Secretary, said yesterday that he expected a considerable increase in American investment in Britain during the upward trend in the U.K. economy.

Mr. Millan, who has just returned from a five-day visit to the U.S., said he expected a number of companies to increase investment here.

"This will not produce results within a week or a month, but I am confident it will result in increased U.S. investment, particularly in Scotland, and more jobs for this country," he said in Edinburgh.

The improvement in Britain's economy had impressed American businessmen, "who were now considerably more interested in U.K. investment than they had been for some years."

But Britain's reputation as an industrial relations was still poor.

"I believe the reason for this is in our own preoccupation with these problems. The position is worse in the United States but they don't keep picking away at it."

Upward trend 'will bring investment from US.'

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Coal industry's 'time of hope'

BY JOHN LLOYD, INDUSTRIAL STAFF

A TIME OF HOPE and prosperity for the coal industry was forecast yesterday by Mr. Alex Eadie, Under-Secretary for Energy, at the Oxford summer school of the National Union of Mineworkers.

Mr. Eadie said his personal experience in the industry—he was a miner for 25 years—helped him make the forecast with confidence. There were, however, a number of uncertainties over energy consumption, technology and economics.

Coal production had almost halved since the mid-fifties, three out of every four pits had closed and the manpower employed in the pits had shrunk by two-thirds. But the end of the cheap oil era in 1973 had come "like a bucket of cold water on a drying nation."

It was necessary to integrate the energy industries' operations into the requirements of a long-term plan. "We believe that we are once more entering a period of economic growth, and that means energy growth," he said.

"We know that our reserves are such as to make coal potentially our one secure long-term fossil fuel. What is still under test, is our ability to tap that source consistently and economically in the long term."

Looking ahead to the year 2000—the perspective over which the National Coal Board is planning output—Mr. Eadie said that if the Board's demand estimate of 170m tons by that year were to be fulfilled, it would require the equivalent of 30 new 2m tonnage a year pits brought on stream between 1985 and 2000.

"The country is going to need a strong, healthy and efficient coal industry for as far ahead as one can care to look—providing the price of coal is right. If the price is right, the markets will be there, traditional ones and new ones," Mr. Eadie said.

Whether on an ad hoc statutory basis, some equivalent of the CMA Select Committee on Exporture was urgently needed as a spur to greater effort and awareness of the need for responsibility in local government.

"Irresponsible" The actions of Labour Scottish Nationalist council in opposing a planned 13 per cent rise in the rate of city's 150,000 tenants "thoroughly misguided irresponsible."

It could result only in a long down of redevelopment schemes or an increase in rates burden. It damaged prospects for inward investment and was in opposition to Government's aim of constant public expenditure.

The average proposed rise of 57p a week on present rent of £3.56 a week.

Nature reserves have been created to protect the lowlands in Scotland's Strathclyde Inverclyde and Loch Ma Ross and Cromarty.

Football players to have contract freedom

BY STUART ALEXANDER

PROFESSIONAL football should be given total freedom of movement at the end of contracts even if transfer to have not been agreed, members of the Football League said unanimously at an extraordinary general meeting in London yesterday.

If the two clubs involved do not agree on a fee later, matter would be put to arbitration panel whose members would be binding on the Professional Football Association at a meeting in London on Thursday, and expected that they will accept that threats of a strike will be dropped.

The compromise was forward by 14 clubs, led by Birmingham City, Coventry, Stoke, West Bromwich Albion and Wolverhampton Wanderers. It gives the clubs the right to negotiate with any other club on compensation terms.

The arbitration panel of will be made up of representatives from the PFA, the Football League, the Association Secretaries and Managers, an independent appointee.

The proposals are made by the industry and are expected to be adopted after a survey of the economy, emphasising that it is not island's aim to "go it alone" regarding its relationship with Japan itself in the past.

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United
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Is this really what's holding up British industry?



We're not about to enter the debate on the influence of Karl Marx and friends, but let us state three facts.

Problems, problems.

In 1976, strikes wasted about one man-hour in a thousand on British production lines.

In the same year inefficient storage and materials handling wasted up to one man-hour in six.

As a result, storage and materials handling cost companies an average 5% of turnover.

And a survey has shown that in every case, the cost was higher than it need be.

(Source: Department of Industry.)

Solutions, solutions.

Dexion make and sell a wider range of storage equipment than any other company in the world.

But before we sell you anything, we'll look at your entire storage and materials handling system, and show how it can be improved, no matter how big or small your company.

If our own products aren't the best solution, we won't recommend them.

The results, however, recommend themselves, as these two examples from the Department of Industry show:

1. A machine shop. Cube utilisation up from 12% to 32%. Number of movements down 45%. Stockholding reduced. Machine productivity increased. Investment recovered in two years.

2. A finished goods store. Cost of order selection down 75%. Cost of stores labour down 50%. Investment recovered in one year.

Should you need more persuasion, we'll be happy to send you 'The Book of 100 Answers', which describes 100 of our own case-histories.

It won't start a revolution. But it could help to make your storage and materials handling as small a problem as strikes.



We'll help you make money out of thin air.

HOME CONTRACTS

£5m. Tartan Field order for Ruston Gas Turbines

RUSTON GAS TURBINES, Lincoln, part of the General Electric Company of England, has won an order worth more than £5m. from Texaco North Sea U.K. Company...

TARMAC is carrying out another £3m. worth of extensions at the 52m. storage casings factory at Bellshill, Glasgow. It will mean two further extensions to the factory...

BALFOUR BEATTY CONSTRUCTION, part of the Balfour Beatty Group of BICC, has been awarded a contract by British Nuclear Fuels for building and civil engineering work at Windscale, Cumbria...

SHANKS AND McEWAN (ENGLAND), Corby, Northants, has been awarded the 100 Valley main drainage contract Stage II by the Anglian Water Authority...

STEEL TUBE DIVISION, a TI Division, has been awarded an order worth £900,000 from the Ministry of Defence for barrier net stanchion sets which form the main operating components of aircraft arresting equipment...

LEE BEESLEY, part of the European Ferries Group, has won a £450,000 contract for the installation in the new extension to Leyland Cars' transit factory at Droyes Lane, Bishopton. Work includes the installation of 28 roof-level power-plant centres...

PERMUTIT-BOBY has won an order worth about £2m. from Conoco North Sea operator of the Marchion for sea water treatment on the Conoco Field development platform...

SURROUGHS has received an order from Priestman & Acrow subsidiary worth £250,000 for a Bur 81720 computer system to be installed at the London Polytechnic...

MESCHATHERM ENGINE Works, Wolverhampton, has received an order worth £1m. from Alcan. Booth Sheet from Alcan. Booth Sheet gas-fired boiler heating for its installed at their Rog works. The furnace will be able to operate at 7 per hour of aluminium to 22 ins diameter heat...

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Peace formula may end bread strike

PROSPECTS for an end soon to the nine-day-old national bread strike brightened yesterday as Bakers' Union leaders and employers got round the table to study a new peace formula.

Recommendations on a solution to the bakers' strike had been worked out over the weekend by Dr. Norman Ross of Birmingham University, who is mediating in the dispute. They were presented to Mr. Jim Mortimer, chairman of the Advisory, Conciliation and Arbitration Service, before the meeting last night.

Attempts to settle the dispute immediately before the weekend failed when leaders of the Bakers' Union rejected an offer of an ex-gratia payment to those members whose pay was stopped for refusing to work over August Bank Holiday.

The union has emphasised that the issue is not so much about cash for August Bank Holiday as about voluntary, rather than compulsory, working on national holidays in the future. Under the compulsory system, the union complains that its members forfeit their pay if they refuse to work on a national holiday.

Small independent bakeries employing Bakers' Union members who supported the strike last week were mostly back to work yesterday. The union accepted their case for exemption at the end of last week. But some casualties have already emerged. Mr. Thomas Barrett, group secretary for the Cardiff-based bakery concern, Avana Group, said yesterday there was no reprieve for the group's cake factory in Rogerstone, Gwent.

Over time is being continued by 150 union members. They are claiming a similar productivity wage increase. The two-week-old dispute worsened on Friday when the 600 workers walked out, protesting at foremen doing their jobs during a work-to-rule and overtime ban.

The strikers were warned immediately that they faced disciplinary action by the stopping of pay. Some returned to work. Stewards have called a meeting of the strikers for today to decide on any developments.

At the same plant, a ban on overtime is being continued by 150 union members. They are claiming a similar productivity wage increase.

Controllers picket air authority offices

THE LONDON headquarters of the Civil Aviation Authority were picketed yesterday by air traffic control assistants who are now in the third week of their all-out strike in support of a pay settlement blocked by pay policy.

The assistants, whose action has cut flights from UK airports by almost half, held their protest outside the entrance of the authority's administrative offices in Kingsway, central London. The assistants' union, the Civil and Public Services Association, warned yesterday that the dispute could spread unless there were early signs of a settlement.

Mr. Clive Bush, of CPSA, said that talks were planned this week with the specialist teleprinter operators responsible for programming the flight computer at the West Drayton air traffic centre.

He said the programmers in the next few weeks would have to feed in information for new winter flight schedules. "The object so far was to have as few members as possible involved but now we are having to put a bit of bite into it," he said.

Mr. Bush said that the union was still waiting for an approach from management to try to settle the three-week-old dispute. "We have had no approach from them, no suggestions of compromise and no suggestions of any kind. They are just sitting back and as long as they are using public funds they are no doubt prepared to do so," he said.

Mr. Bush said members of the Transport and General Workers' union at Birmingham Airport had started an attempt to block fuel supplies, in sympathy.

Strikes at four Leyland plants makes 9,000 idle

BRITISH LEYLAND'S bus and truck factories in Lancashire, which form a large part of one of the state-owned company's most profitable divisions, stood idle yesterday at the start of a strike by the 9,000 work force.

The company has offered a pay deal made up of an average 7.6 per cent. pay rise which takes into account grade restructuring. It has also offered a self-financing productivity deal which, it says, would provide up to 15 per cent. more in earnings on top of that.

Mr. David Hewitt, Leyland works convener, said yesterday that the company had become a low wage and low productivity set-up, so that workers had become apathetic and unco-operative.

A mass meeting of the workers is scheduled for Thursday. No meeting is planned with management before then.

The 3,800 shopfloor workers laid off indefinitely on Friday at the British Leyland factory at Bathgate, West Lothian, with the back at work to-morrow.

The 600 clerical workers agreed to modify their restrictive practices but will continue their two-days-a-week strike in support of a pay claim. Car production resumed at Jaguar in Coventry with the recall of 2,000 assembly workers, laid off for two weeks because of a dispute at the Desouler component company.

Leyland will recall 2,000 Dolomite production workers to-day at Triumph in Coventry, and 3,000 in Liverpool, laid off for two weeks because of the Lucas strike.

Assembly of forklift trucks was halted at the Coventry Climax factory because of a continuing strike by service fitters. Another dispute at the same plant was called off with the return to work of 18 setters who agreed to have fresh talks with the management about a new bonus scheme.

Tough pay talks begin at Ford and Vauxhall

HARD BARGAINING will begin this week on pay claims by manual workers employed by two of the big four motor manufacturers, Ford and Vauxhall.

Ford unions led by Mr. Moss Evans, general secretary-elect of the Transport and General Workers' Union, will meet the company to-morrow for detailed talks on the pay offer.

This proposes increases in earnings of between about 5.5 and 10.5 per cent. plus a series of fringe improvements.

Ford management is certain to argue in the negotiations that such a demand is unrealistic

with more than 100,000 cars on its order books at present and overtime running at its highest level for some time.

Negotiations on behalf of Vauxhall workers will begin on Saturday. They have been offered increases worth about 8.5 per cent. in response to demands for substantial rises.

Pressures on the company to increase this is expected.

Both offers would consolidate Phase Two supplements into basic rates which means that they could count in the calculation of overtime and other premium payments.

Under the claim—which the association would fall within the Government's 10 per cent. guidelines—rises would taper in reverse from nearly 22 per cent. to £12,361 for the heads of the 21 biggest schools, to only 4 per cent. for newly engaged non-graduate teachers, whose salary would be £2,808.

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Teachers aim to restore differentials

A PAY CLAIM to restore differentials for senior teachers was lodged with the Burnham salary-negotiating committee in London yesterday by the 19,000-member National Association of Head Teachers.

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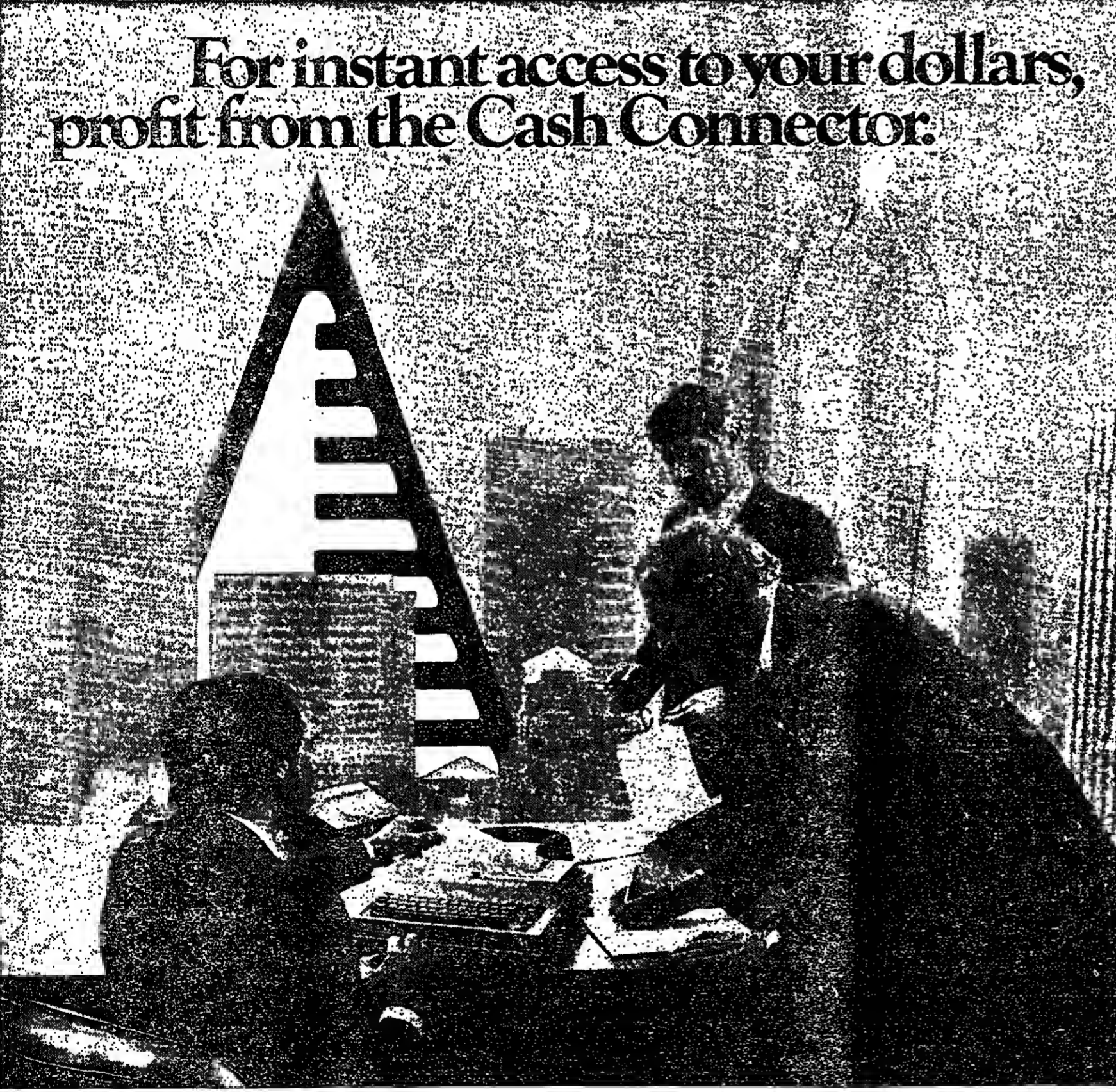
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World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on September 19, 1977. In some cases rates are nominal market rates and the average of buying and selling rates except where they are shown to be otherwise.

Table with columns for Place and Local Unit, Value of £ Sterling, and Place and Local Unit. Lists various countries and their exchange rates with the pound sterling.

That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. Rates are based on the C.F.A. franc. The exchange rate was used at a rate of C.F.A. franc 5 to one unit of the new currency.

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FINANCIAL TIMES SURVEY

Tuesday September 20 1977

مكزائن الأجهل

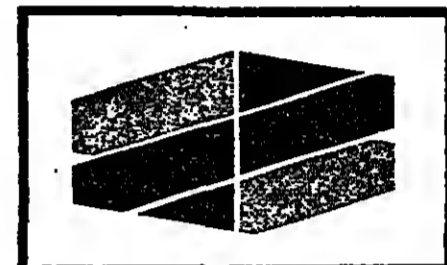
European Machine Tools

Producers of machine tools and the major European Governments are becoming increasingly worried about the industry's failure to move out of recession. An increase in orders has been predicted but this has simply not happened.



Stankoimport Machine Tools

Hartle Machinery International



UK-Soviet Contract with Stankoimport

HARTLE-STEDALL SUPPLY A MARKET FOR RUSSIAN MACHINE TOOLS

Hartle, Chairman of Hartle Machinery International Limited, visited Moscow recently at the special invitation of Mr. G. Lebgazhgev, resident of Stankoimport, for the opening of their new showrooms to view a wide range of new machine tools. These included all the numerically controlled machines.

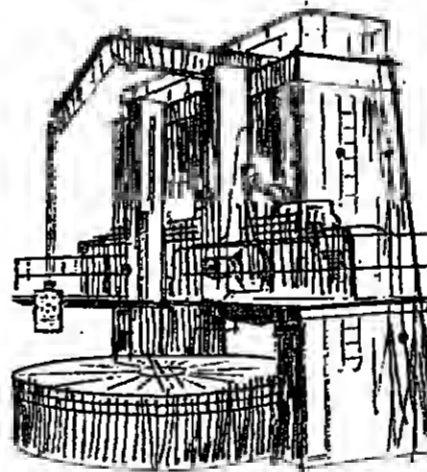
During Mr. Hartle's visit, Hartle-Stedall Limited have contracted to specialise in certain areas of machine tools, namely, Vertical Lathes, Lathes and Grinding Machines. These will form separate divisions to be headed by specialist managers. Each division will be fully supported by Hartle-Stedall's Service Department and Factory Engineers from Stankoimport. Some of the largest industrial plants in the U.K. have been recent purchasers of Stankoimport machines including such well known firms as David Brown Gear Industries Limited and Vickers Ship-

building Group Limited. In many instances this leads to considerable additional reciprocal trade.

A visit to the U.S.S.R. was recently organised by Hartle-Stedall Limited for a Group of British Industrialists who toured several machine tool factories where Stankoimport machinery is produced. Many of the machines sold by Hartle-Stedall in the United Kingdom will be on show at the forthcoming International Machine Tool Exhibition (2 E.M.O.) in Hanover between September 20th and 29th and can be seen on the Stankoimport stand.

A new machine soon to be available on the United Kingdom market is the Stankoimport Model 1540 Double Column Vertical Boring Mill complete with 157" table. Its advanced specification, combined with an economical price, is likely to be of considerable interest to users of this type of machine.

Stankoimport Model 1540, 157" Double Column Vertical Boring Machine.



Middle East Countries buy from Alexander's.

Many Middle East Countries are starting to manufacture the goods which they formerly imported from the United Kingdom. This has led to major manufacturing Companies in the United Kingdom selling their manufacturing rights and assistance in setting up factories. The United Kingdom Companies tend to recommend equipment which they use in their own plant, and which has proved efficient and reliable. As a result of this recommendation Alexander Machinery (Dudley) Limited have secured an order

worth approximately £100,000 from the Iran Tractor Manufacturing Company Limited. This firm arranged the rights to manufacture tractors from a well known United Kingdom Company who put forward Alexander Hi-Ton 'C' framed hydraulic presses for use on a variety of straightening and assembly operations. Initial production is well advanced, with the first machines about to be shipped.

ACKWORTHIE

Machine Tools Limited

of Kenilworth now exporting their Vertical Rotary Transfer Machine which was originally designed for the domestic electric plug market. The V4 and V6 Vertomatics are the product of 45 years experience in the manufacture of rotary transfer machines. In their construction, detailed attention has been paid to the production requirements of customers throughout the world and features have been incorporated which enable the machines to fulfil the major demands of performance and reliability. Ackworthie have recently developed further machines which will automatically assemble the pins to produce 10 complete plugs per minute.



Ackworthie/Vertomatic Rotary Transfer Machine

STANLEY Machine Tool Company Ltd

of Halifax have also been expanding their exports to the Middle East. Regular visits by Senior Executives over the past few years are now showing results with many machines already installed. An important achievement has been getting Stanley's included on government approval lists which are required for the continued growth of exports to this area. Deep hole borers have been installed in factories in Iraq and in Iran for use in production of tractors. Standard lathes and large hollow spindle bore lathes are installed in other areas of the Middle East, and these have led to further business. Many Stanley Lathes have also been installed in workshops, training centres, and in oil fields of the Gulf.

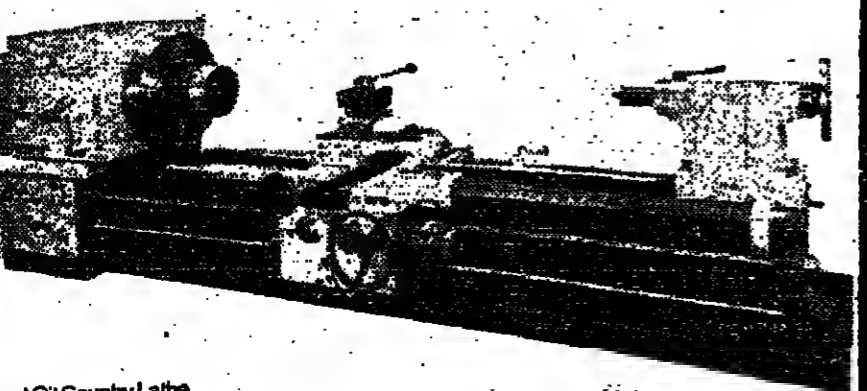
QUALTERS & SMITH RADIAL DRILLS FOR THE E.E.C.

Due to the demand, Qualters and Smith Brothers Limited of Barnsley, have reintroduced their QSE Radial Drilling Machines and increased production. The two models in the range have been redesigned, the QSE 3 and its larger companion, the QSE 4, both feature 2" capacity in steel with a 13" column. Drive motors of the new machines at 4/3 1/2 h.p., match the latest British and American standard. The new machines each have 12 speeds, 60-1750 t.p.m.

BROADBENT OIL COUNTRY LATHES FOR OFF-SHORE OIL INDUSTRY.

Country Lathes manufactured by Broadbent Machine Tools Limited, of Mytholmroyd serving the Offshore Oil Industry in workshops of the North Sea oil and gas fields at Aberdeen and Great Yarmouth. Lathes are rugged large spindle bore lathes and can be supplied with semi-automatic threading and a full range of accessories to cover most requirements. All as operating in our own oil industry, machines have been supplied to many gas countries, including Algeria,

Bolivia, Egypt, Holland, Iran, Iraq, New Zealand, Nigeria, Singapore, and the United States. Recent developments in machines for the Oil Industry include a deep hole borer. This machine is now producing drill pipe and is capable of boring 5 1/2" diameter holes in 32" long steel bars at one pass. Broadbent also manufacture a full range of turning machines from 650mm to 2000mm swing. Approximately 50% of all production is exported.



Oil Country Lathes

HARTLE GROUP CONTINUE TO INCREASE EXPORTS TO E.E.C.

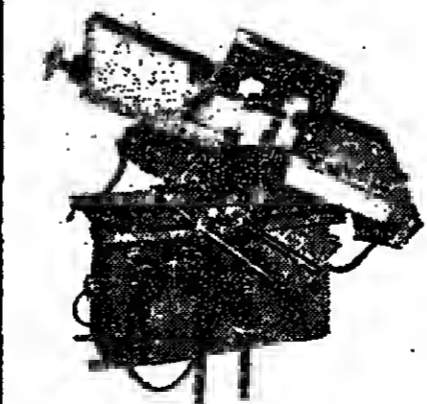
The Group look forward to further growth in exports in this area. Collectively, it is exporting to over 60 countries including all the major trading blocs throughout the world. This includes large used machine tool orders for Hartle-Stedall Limited of Ashton-under-Lyne. In order to increase this volume it is Company policy to encourage Senior Executives to regularly visit overseas markets and to keep a close liaison with customers.

...and in the U.S.A.

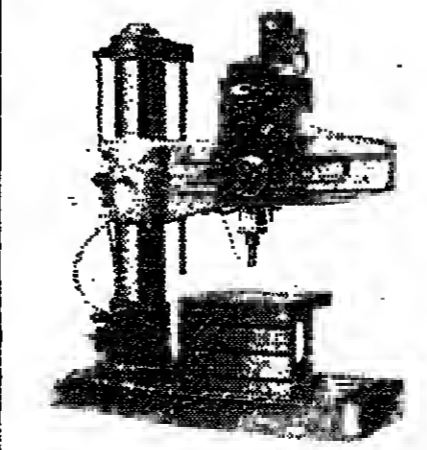
SUBSTANTIAL CONTRACTS NEGOTIATED

Contracts for the supply of machine tools by Group Companies to customers in the United States have been finalised. These include one between Qualters and Smith Brothers Limited of Barnsley and one of the leading Industrial Groups in the United States for the range of Horizontal Bandsaws. Qualters and Smith Brothers Limited have also recently successfully reintroduced their range of Radial Drills into the American market.

Alexander Machinery (Dudley) Limited are regular suppliers to the American Jewelry Manufacturing industry, where their Hi-Ton Hobbing and Coining Press is used in the manufacture of jewelry, medallions etc., and for embossing. This press is particularly useful where short runs in precious metals are required. Its ease of operation and compact dimensions are ideal for an industry whose products are largely hand made.



Qualters & Smith 180A Horizontal Band Saw



Qualters & Smith New Radial Drill QSE4

Hartle

Machinery International
Bank House, Charlotte Street
Manchester M1 4ET



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Alexander Machinery (Dudley) Ltd., Dudley
Broadbent Machine Tools Ltd., Mytholmroyd
Qualters and Smith Brothers Ltd., Barnsley
Stanley Machine Tool Company Ltd., Halifax
Distribution Division
Hartle-Stedall Ltd., Ashton-under-Lyne

EUROPEAN MACHINE TOOLS II

Recession refuses to respond to the normal rules

THE EUROPEAN machine tool exhibition which opens today in Hanover has taken on a significance the organisers could hardly have had in mind when they began planning the event four years ago.

As 1,550 companies from 28 countries representing about 95 per cent of the world's machine tool output will be taking part, by the end of the exhibition the state of order books and inquiry forms should provide some essential clues.

This recession has stubbornly refused to act according to the rules. Judging by past experience, by this time in the cycle of demand for machine tools the trend should be firmly upwards.

Eighteen months ago some companies were even forecasting they might be running short of capacity about now. Instead, there was a slight lift off the bottom of the trough last autumn followed by a plateau in demand until the spring when there was another small advance.

And it is a long time since the European machine tool industry had its last boom. It was in 1970. After a long period of stagnation there was in 1974—triggered by the oil crisis—a worldwide drop in demand.

Production and employment has fallen steeply. For example, the output of Western Germany, Europe's largest producer, in 1976 was only about 82 per cent of that for 1970.

concerned. The machine tool industry, after all, is considered a key sector in any manufacturing country. Its products, which shape and cut metal, are used by a wide variety of manufacturing industries and all the European governments seem to agree that a healthy machine tool industry, involved in higher technology, must have a beneficial effect on industry as a whole.

At the same time machine tool manufacturing has a significant effect on the labour market. In fact, 2,000 kg. of product is enough to provide a shop floor employee, and someone on the administrative side to back him, with work for a year.

Approach

Some European governments have been more direct than others in their approach to the machine tool industry's problems. The French introduced a financial aid scheme for the industry itself. It did not succeed because, so the manufacturers claim, it came with so many strings attached that very few companies qualified for the 100 per cent grants on offer.

The U.K., too, has a financial aid scheme for the industry. This is successful in that all the £30m. offered will be taken up, and in turn should generate around £160m. of investment by the U.K. machine tool makers themselves, not just updating capacity but also introducing higher technology into their products.

Italy concentrates its efforts on encouraging users of machine tools to invest. Purchasers are offered low-interest, long-term money against the acquisition of a particular machine tool—the rate earlier this year was running at 6 to 7 per cent, for five-year money against the 20 per cent which major companies were having to pay for bank

loans. It is estimated that 25 to 30 per cent of the machine tools bought by Italian companies are financed through this scheme.

In West Germany and Switzerland, however, there is no sign that the governments are willing to step in with overt support for the machine tool manufacturers. There are, however, indications that aid for manufacturing industry as a whole might be on the way in West Germany.

West Germany, as the accompanying table shows, is not only the largest machine tool producer in Europe, but it also leads the world. It has 400 or so companies, with perhaps 15 of them large by this industry's standards—that is employing over 1,000 people. However, the European industry's "giants" have sprung up elsewhere, in France and the U.K. In particular where mergers in the 1960s changed the structure of the local industry.

The impact and length of the current recession is forcing more restructuring; in France the government is prodding together some companies, using Renault, second largest of the machine tool groups, as the nucleus. In West Germany the restructuring has been via mergers or simply from companies going out of business, as happened to Ludwigsburger of Stuttgart.

In the past the West German accounting practice which allow manufacturing companies to build up a decent layer of financial fat to see them through the lean periods of the demand cycle have helped the machine tool makers survive recessions without too many problems.

Couple this with the immense flexibility of the West German industry, made up as it is in the main of medium-sized family companies able to take swift decisions and act on them immediately, and it is not difficult to understand why some of its European neighbours have seen West Germany as the major threat to home-grown manufacturers.

WORLD MACHINE TOOL PRODUCTION AND TRADE 1976 (est.) (U.S.\$m.)

Table with columns: Country, PRODUCTION (Total, Cutting, Forming), TRADE (Export, Import). Rows include West Germany (FRG), United States, Soviet Union, Japan, East Germany (GDR), Italy, Great Britain, France, Switzerland, Poland, Czechoslovakia, China, and WORLD TOTAL.

* Controlled currency at official conversion rate; real equivalent hard to determine. † Rough estimate from fragmentary data. ‡ Target. Source: "American Machinist" February, 1977.

encourage some kind of links between France's machine tool makers and those in the U.K. The idea was not that there should be full-blooded mergers, but that companies might cooperate on such things as design, production methods, in selling to third markets and perhaps giving one another preference when setting up "turnkey" projects.

What the French did not expect was that the day would come when the West German industry would be cutting prices ruthlessly in order to generate enough income to cover overheads. Some machine tools have been offered in the U.K. at 30 per cent, below the price of an equivalent machine made by a British company—and the British prices in turn have been cut to the bone.

with the plight of the West Germans and Swiss who have had to come through the recession trying to export while having to quote in over-valued currencies.

As it happens, the U.K. market provides one relatively bright spot in the general European gloom. Demand is much better than last year. The effects of industry financial aid schemes and those designed to pull forward capital investment are beginning to be felt.

Schemes

However, counter-cyclical schemes promoted by France, West Germany and the U.K. in the recent past are considered by the manufacturers to have created problems rather than doing much good. They ceased

bunching of orders as customers rushed to beat closing dates in the 1977-81 period would average 10.5m. units a year while capacity is currently 12m. units. But the machine tool makers hope that the change in demand pattern for cars, with people looking for less gas-guzzling automobiles, will create considerable retooling and call on their products.

Outside of the flat European scene, however, there have been areas of buoyancy where there have been opportunities for export sales. In these third-country markets, though, the business usually goes to the country which is willing to provide the cheap, buyer-credit. Thus, the U.K. should do well out of the Ursus tractor project in Poland because of the U.K. finance involved. The French will benefit from Renault's contract to build a car plant in Portugal. And a big replacement programme is necessary.

On the face of it the prospects of a significant change in the industry's fortunes do not seem bright. Demand for machine tools is firmly linked with capital investment generally and with investment by the automotive industry in particular.

The latest OECD outlook indicates an overall growth in GDP of just over 4 per cent in member countries in 1977, declining slightly in the first half of 1978. World trade is expected by most forecasters to grow at a slower rate this year and 1978 than in 1976. The U.S. seems to be well below the 10 per cent capital investment target fixed by the administration and in other advanced industrial countries only a small increase in investment this year and next seems likely.

At first sight the outlook for sales to the motor industry looks bleak in that there is certainly over-capacity in Europe. The Paris-based, bank-backed Euro-economic forecasting group estimated recently that demand in the 1977-81 period would average 10.5m. units a year while capacity is currently 12m. units.

But the machine tool makers hope that the change in demand pattern for cars, with people looking for less gas-guzzling automobiles, will create considerable retooling and call on their products. (Although only a small proportion of the machine tool companies actually supply the car makers themselves, the spin-off for other manufacturers is considerable because components suppliers usually also have to retool.) An example of what might be in the pipeline is British Leyland's new Mini project which could bring £100m. of orders for the U.K. machine tool industry and possibly £20m. for other European countries. Then many machine tool men would argue that the equipment used by Europe's manufacturing industry is fast wearing out and a big replacement programme is necessary.

Recent machine tool production analyses produced by the American Machine and Metalworking Production Association showed that the proportion of machine tools under ten years old—the national yardstick of obsolete tools—was only 33 per cent in the U.S., 39 per cent in the U.K. and 37 per cent in West Germany. In France, however, a survey showed 34 per cent of machine tools are under eight years old.

Population

Only Italy has a rising young machine tool population with 41 per cent less than 15 years old. This might be expected in an industrialised country compared with the others that it also seems that Italian machine tool makers actually encourage customers to change more frequently. The figures from Japan are remarkable when set against rest. Some 60.5 per cent of machine tools are under ten years old, which explains why it sits so high in the ageing league table as a major factor, yet does not figure strongly in world trade.

That day might well come, the meantime, the developed countries are beginning to clear that not only do they intend to build up machine industries of their own, but also expect them to become exporters. At the Hanover exhibition this week, for example, India, Taiwan and Israel put machine tools on show. This is obviously going to give the established machine tool countries some headache in the longer term. For time being, however, they still preoccupied with the immediate problem. When the recession ends?

Kenneth Good Industrial Correspondent



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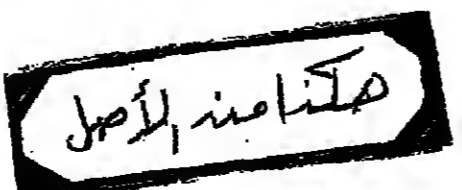
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Specialists retain their identity

THE MACHINE tool industry in Britain evolved from a large number of small family companies and the present structure reflects this fact. There are currently about 150 companies devoted exclusively to the manufacture of machine tools and, even though some of them are now members of large groups, the small companies tend to have retained their identities as specialist producers.

The pattern is similar among the U.K.'s major competitors and the average size of companies is not significantly different in the U.S. or West Germany, for example.

Two things distinguish the British industry from the others however: the extent of the American influence in the industry and the tendency for manufacturers also to act as importers and factors of other people's machine tools.

It is estimated that 35 to 40 per cent of machine tool production in the U.K. is controlled by American-owned companies and their presence in Britain has contributed considerably to the health of the industry.

On the other hand, the success British companies have had selling the imported machines with which they fill out their ranges has probably done more harm than good in balance-of-payments terms.

Restructuring

A major restructuring of the industry took place in the 1960s and this resulted in the formation of seven large groupings which account now for around 50 per cent of machine tool production. The seven are, in alphabetical order: John Brown, which through Wickman and its subsidiaries last year had a machine tool manufacturing turnover of £48.22m. and pre-tax profits of £2.58m.

Cincinnati Milacron, owned by the U.S. group of the same name but which has been operating in the U.K. since 1934. CM accounts for about one-quarter of the numerically controlled machine tools made in Britain and for more than one-third of those exported. Sales top the £32m. mark.

B. Elliott, which takes in Butler Machine Tool and Snow and Co. as well as Elliott Machine Tools. Elliott has diversified into other engineering products while cutting back

on its machine tool business for which it gives no separate statistics. The group as a whole last year had a turnover of £57m. and a taxable profit of £4.2m.

Alfred Herbert, once the industry's most notorious lame duck but which is now being nursed back to health by a new management team, had a 1976 turnover of £49.4m. on which it made a pre-tax profit of £0.685m.

Staveley Industries' U.K. machine tool businesses, Asquith Drummond, Kearns, Richard and Staveley-Lapointe, made a £1.6m. taxable profit on sales of £27.2m.

The 600 Group, which now insists it is "the U.K.'s largest maker of machine tools" and takes in such well-known names as Colchester Lathe, W. E. Sykes, F. J. Edwards and so on, had a turnover of £51.3m. and pre-tax profits of £4.56m. in the year to March.

The Investments' "machine division" which TI claims "is one of the largest machine tool and associated equipment organisations in Europe," has made a £1.8m. profit on sales of £11.8m. turnover.

Hartle Machinery International, which includes such names as Ackworth, Alexander Machinery, Broadbent, Qualters and Smith Bros. and Stanley Machine Tool within its operations, also claims "one of the largest machine distribution businesses in the U.K." headed by Hartle Stedall. Hartle's turnover and profits were depressed last year by the poor trading conditions and came out at £7.6m. and £78,000 respectively. But in the previous year sales reached £8.5m. and pre-tax profits £270,000.

But Elliott, which takes in the Textron conglomerate and therefore American-owned, must be about the same size as Hartle but takes care not to reveal any figures.

The mergers of the 1960s were not always successful. Alfred Herbert's problems became overwhelming and in 1975 the Government stepped in with a £25m. cash injection, Herbert became State-owned and is now controlled by the National Enterprise Board.

Mergers

It was not the first State-owned U.K. machine tool group. For a time Kearney and Trecker Marwin was also in that position. The marriage of Kearney and Trecker with Marwin was one of the last of the big mergers. The idea was to put together the two companies which carried the British flag at the high technology end of the machine tool business. But the burden of debt beaped on the new concern by its cumbersome financial structure gave it no chance. The Government had to step in with help. The first time this was done, control of KTM went to the Department of Industry. The second aid scheme which took effect in 1976, switched control to Vickers which could provide the financial support and the extra management strength required.

KTM, second to Cincinnati Milacron as a maker of numerically controlled machine tools, made a much healthier pre-tax profit of £210,000 last year on sales down from £12.9m. to £10.4m.

All this goes to show how much interest U.K. governments have taken in the machine tool industry. There is a general conviction that the industry is vitally important to the U.K. economy and there are benefits to be gained by manufacturing industry as a whole from Britain having a technological lead in machine tools. This concern has been expressed in various tangible ways.

For example, the machine tool manufacturers were among the first to benefit from one of the industry aid schemes the present government has introduced. First, launched in August, 1975, the aid scheme now offers the industry £30m. a comparatively large sum when compared with the industry's £361m. sales in 1976 or the 49,000 people employed. The scheme got a poor initial reception. But after various changes too many people or being for were made and after suggestions about the government's motives were allayed, it has become reasonably successful.

By the beginning of 1977 there was no doubt that a £30m. will be taken up and around £167m. of investment will have been stimulated by the industry. And the date for applications is not the end of December.

In another attempt to help industry during the recession the Government also gave National Enterprise Board go-ahead to introduce a machine tool stockbuilding scheme. NEB is offering loans to banks wanting to purchase machines for stock. The offer on commercial terms but interest payments are deferred for up to two years. The machines which have been stockpiled are sold before two years is up.

This scheme has met only a modest response but only a relatively few machine tools can be built. Most machine tool companies are offering significant features for the individual customers and could be partly-built before stockpiling. One aim of the government in introducing the various industry aid schemes was to eliminate some of the effects of the trade cycle. Machine tool industry claim have been hit harder than other by the up and down demand during the four-year cycles. During the 1970s employment in the industry which has a high proportion of skilled men—fluctuates between 58,000 and 65,000. And returns on capital employed in the industry declined by as much as 40 per cent during periods of downturn, giving another impetus to the debilitating effects.

This problem of the trade cycle has not yet been solved. But the current recession proved to be unlike any of living memory. It has been on much longer than expected and the recovery is slower than in the past. However, the U.K. machine industry does feel that the worst of the recession is behind it and that it might have escaped from the depths of the scheme got a poor initial reception. But after various changes too many people or being for were made and after suggestions about the government's motives were allayed, it has become reasonably successful.

Kenneth Good

EUROPEAN MACHINE TOOLS IV

Swiss begin to recover...

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SWITZERLAND'S machine-tool industry is now showing signs of settling down again after having been exposed to considerable pressure over the past three years. Order books are fuller, overseas demand is picking up fast and some manufacturers at least are looking for new workers rather than laying labour off. Though there is nothing even approaching a new boom around the corner, the industry is starting to look up again.

The manufacture of metal-working machine tools is very much a speciality of the Swiss. A long list of pioneering achievements beginning with the building of the first horizontal drilling machine for cannons in 1713 has over the years advanced the little country into the world's Top Ten. Recent figures show that Switzerland was responsible for some 4 per cent of total international production of machine tools in 1976 and 7.3 per cent of world exports; in comparison, the U.K.

was the source of only about 5.5 per cent of total export value in the same year. This means that machine tools worth about Sw.Frs.250 per head of population were manufactured by Swiss firms, by far the highest per-capita rate in the world. The relative importance of Switzerland is greater still in the field of machine-tool exports, which to-day account for about 80 per cent of production.

In absolute terms, exports last year amounted to Sw.Frs.1.14bn, or some £270m, at current exchange rates, of which 41.5 per cent went to Western European countries, 32 per cent to Eastern Europe and 14 per cent to Asia. For the first half of 1977, sales abroad totalled Sw.Frs.525.2m., with a shift away from European markets and towards Asia and America.

The Association of Swiss Machine Builders, which represents 78 of the leading machine-tool manufacturers in the country—there are some 185

producers in all, most of them small to medium-sized undertakings—points to the marked drop in standing orders over the past few years. Orders in hand were equal to 9.2 months' production in 1973, 8.2 months' output at the end of 1974, 6.3 months' a year later and only 5.8 months as of December 31 last. An indication of what this meant to the industry is given by employment figures. The labour force fell by nearly 12 per cent over the two years ended last September, shrinking from 20,000 to less than 18,000.

The reason for the lean times lies quite simply in a drop in demand for the product, a factor which in Switzerland's case has been aggravated by the 64 per cent appreciation in the trade-weighted currency rate since the end of 1971. While the car industry, a major customer for Swiss machine tools, had a better year in 1976, investments in most areas of the capital goods sector were still restrained and the important

domestic market in the watch industry was in bad shape. In 1977 things are looking rather better. The new order level is substantially up on last year's levels for machine-building as a whole, a fact reflected in the improvement of machine-tool orders in hand to a volume of 7.1 months' output as of mid-year. The rise in orders will, of course, not show up in production and export statistics just yet, although delivery dates have become shorter. In the first half of 1977, export tonnage was up 2 per cent over the January-June period of last year but its value was slightly down by 1 per cent. A number of factories are now seeking new hands, however, and finding it rather hard to locate them. Now that total national unemployment has dropped to below 8.750.

At present it does not seem likely that there will be a significant improvement in the situation in the second half of the year. The home market will

remain under the influence of sluggish industrial investment and there are indications that such new equipment as is purchased is being bought increasingly from cheaper foreign sources. Export markets in Europe are also not very promising; in the first half of 1977 sales to them of Swiss machine tools were down 8 per cent on the same period of last year.

Furthermore, it is doubtful whether profits can show much real growth. With the exception of a few top models, it has been hard to raise prices in recent months and any increase in the volume of export orders is by no means synonymous with an increase in the level of export earnings. Like many other Swiss firms, some machine tool exporters have found that new business can be obtained at only pretty narrow profit margins. And in the past couple of months the Swiss franc exchange rate has started to rise again after remaining stable or actually falling earlier on in the year.

In its considerations as to how best to face the future, the Swiss machine tool industry is not intending any departure from its basic policy of concentrating on high-performance, high-precision and special products. (Just what the price category of Swiss machine tools works out at is shown by the fact that average price per tonne exported is almost Sw.Frs.36,000, as compared with a rate per tonne of machine tools imported into Switzerland of below Sw.Frs.17,500.) Most Swiss manufacturers specialise in metal-cutting machinery of small and medium sizes, typical models including jig-boreers, gear-making machines, electro-erosion equipment, "Swiss type" automatics, watch-making machinery and precision copy turning and milling machines. Very heavy-duty machines, almost completely missing from sales programmes with the exception of large gear-cutting machines, heavy jig-boreers and some presses, and only a small number of machines for metal forming rather than cutting are made.

While the programmers themselves will experience no major changes, the Swiss are hard at work developing new products. This has proved necessary in the light of the widespread recession in industrialised countries and the simultaneous industrialisation in both the Communist world and developing countries. To succeed, manufacturers are having to invest money and, as already mentioned, in many cases accept smaller profits in the nurturing of new outlets.

In the past few years, the Swiss have done particularly well on this front in the Soviet Union. Exports of machine tools to this market rose from Sw.Frs.135m. in 1974 to Sw.Frs.167.9m. in 1975 and to Sw.Frs.199m. last year, making the USSR by far the biggest single national market abroad. The build-up of the Soviet market to a share of 18 per cent in total Swiss machine tool exports was

helped not inconsiderably by the holding of a special Machine Tool Exhibition in Moscow in 1973; a second is now planned for the autumn of next year.

China is also seen as an opportunity. In the first months of this year, deliveries of machine tools to the Chinese market were Sw.Frs.24m., a still modest but more than doubling booked for January to 1976. Here, too, an exhibit helped machine tools to be the leading products of the Sinter Swiss industrial exhibition staged in Shanghai in 1976. The industry would now like to hold a special machine show in Shanghai in 1980.

Another important price in a developing market is the large-scale exhibit at the Swiss Expo event held in late 1976, at which a total of 100 machine tools—the highest ever exhibited group—was displayed for manufacture in the Middle East and elsewhere. This was a result of sophisticated local requirements.

Manufacturers are preparing for the European Machine Tool Exhibition (EMT) opens in Hannover, 30 days, Switzerland as one of the national contingents and a chance to display their products will be offered by the EMT Machine Tool and Tool Exhibition in East West May 77.

For a sub-division of industry, 19 producers, making machinery totalling in 1975 to co-operate with Swiss watch industry in the setting up of watch factories and the expansion of capacities overseas, parties in India and China.

The "Horn" group also a joint show at the Incha Watch Exhibition in Madrid, October.

These joint efforts are invaluable for a sector of the economy in which the age workforce per firm is about 100 and where very few companies employ more than 1,000 people. Another example of common effort is the work of a research institute in Zurich for machine tool design, production technology, annual budget of Sw.Frs. 35 m. supported by 35 members of the Association of Swiss Machine Builders.

Swiss Machine Builders' search work here concerns such things as: new machining processes, and controls (including systems) and computer tool design.

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... while Italy wins more exports

DESPITE THE recession and dwindling industrial production, the Italian machine tool industry appears to be faring well. In effect, Italy is now number fifty in the world league of machine tool producers. It is ahead of Britain and France, both countries with considerably older industrial and mechanical traditions. The sector's annual trade account has consistently been in surplus, and already, after an arrest in domestic and overseas demand, production is steadily recovering.

It is perhaps, more than anything else, the structure of the Italian machine tool industry, which has mushroomed during the rapid industrial transformation of the country in the last 30 years, which accounts for its strength. Its main characteristic is its fragmentation. Unlike the machine tool industries in the older industrialised countries, it is not concentrated in a limited number of large groups. It is composed of a great many small and medium sized companies which often operate on a highly individual and economic scale. Many of them are family businesses. They have a marked level of technology, and their high degree of specialisation often in the production of only one or two components has created an extensive network of complementary activities on the fringe of the country's larger engineering groups.

A comprehensive and revealing report published some years ago by the Italian Machine Tool Manufacturers Association (UCIMU) shows that there are some 1,200 units in Italy engaged in this sector. The total workforce of these units is just over 46,000 people, most of whom work for small concerns employing no more than 20 people and often far less. Of these 1,200 units, about 800 are no more than specialised workshops. The remaining 400 or so units, chiefly concentrated in the industrial north of the country, form the backbone of the industry. Yet even these bigger groups have a workforce averaging only about 80 people against the average of 270 in Britain, 255 in the U.S. and 188 in France.

However, there is also a number of major Italian companies involved in this field. The state Finisider steel group controls Inasse which manufactures machine tools as well as iron and steel processing machinery and employs over 3,000 people. Other leading Italian companies operating in the sector include Olivetti, Snia Viscosa and Montedison. But by far the biggest single machine tool group in Italy is controlled by the Turin-based Fiat company. Its subsidiary, Comau Industriale, employs 5,400 people. It groups together 11 plants mainly in the Turin area. Last year it spent L28bn. in new investments and had a turnover of L150bn.

Fiat decided to increase its activities in the machine tool sector following the construction of the giant Togliattigrad car plant in the Soviet Union which helped open the East European markets to Italy's engineering industry. Comau includes a number of companies like Macchine Speciali Torino, Morando, Colubra Laorisat and Industrie Meccaniche Piemontesi producing a wide range of machine tools, welding equipment, die forams, bodywork installations and other products for both Fiat's own use and for other Italian and foreign car manufacturers like Mercedes Benz, Simca, Peugeot, Volvo and Renault. According to Fiat, more than 60 per cent of Comau's production is exported.

Like other industrial sectors in the country, the machine tool industry has suffered from a combination of factors including the limited availability and high cost of money, the high cost of labour and labour unrest. During the second half of 1975, in effect, about 16 per cent of the sector had to turn to the Government's special salary subsidy scheme whereby the government pays a percentage of wages to avoid layoffs.

However, Italy's short-term economic outlook has now improved. The authorities have reduced the cost of money following reductions in the discount rate and subsequent cuts in the prime rate now standing at 17 per cent. Nevertheless, there are still tight restrictions on credit expansion.

The authorities have also reduced some of the financial burdens borne by the industry by transferring part of the heavy social welfare costs from employers directly to the Treasury. Social welfare payments have been, and to a certain degree still are, one of the main causes for pushing up labour costs to about 40 per cent of the selling price, while

the cost of raw and semi-finished materials, which have also increased, amount to only about 10 per cent.

Yet even during the worst part of the recession, the industry managed to keep its head above water, although many operators repeatedly pointed out that machine tool companies, despite their more solid financial base compared with many other concerns in the mechanical production sectors, could not withstand a high interest rate policy indefinitely.

To overcome the high cost of money and the growing burden of indebtedness, a machine tool financing scheme has been conceived by the Italian producers. It is centred around the medium-term credit agency, Istituto Mobiliare Italiano (IMI) which offers low interest and long-term facilities to capital equipment buyers for the purchase of a particular machine or plant.

While 1976 was a negative year for the world machine tool industry with world production in real value falling by 10 per cent, the Italian industry benefited from a recovery in replacement demand during the first and latter part of the year. Orders were up by 35 per cent compared with the previous year. On the other hand, because of the lag between orders and deliveries, price deflation still showed a negative trend, declining by 7 per cent in real terms as against 1975.

But unlike the previous year, a more regular distribution of orders throughout 1976 enabled Italian companies to avoid having to turn to the Government salary subsidy scheme.

For the third consecutive year, the president of the Italian Machine Tool Manufacturers Association, Sig. Angelo Girola, said at the group's annual meeting, the Italian industry continued to increase its world market share. In export terms, in effect, Italy is now the third biggest exporter of machine tools. And the industry's turnover rose from L550bn. in 1975 to L625bn. last year, representing a production in weight of 137,500 tons.

Sig. Girola pointed out that the persistent stagnation of investments on the home market meant that once more foreign producers suffered with imports dropping from 138.2bn. in 1975 to L129.8bn. last year. As for their market share, it dropped for the first time below 30 per cent. At the same time, the continuing stagnation of investments in other industrialised countries led to a slight decline in Italian exports in real terms, although they increased in value from L281.8bn. in 1975 to L304bn. or 85,950 tons in weight last year. The trade balance, however, showed a surplus of L175bn. while the exports/imports ratio was 2.34:1 against 2.05:1 in 1975.

Sig. Girola said the difference between the average value of imports and exports, a major indicator of the technological level of the machine tool industry, also increased in Italy's favour. In 1976 the average value of exports was L4,620 a kilo, while the value of imports was slightly over L3,420 a kilo. This represented a change in the ratio between the two values from 1.18:1 in 1975 to 1.35:1 last year. The constant improvement in this figure,

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Brighter prospects for Britain

British machine tool exports to 60 of total production. This is the industry's target and comes at a time when competition, even from countries which are not so hardy as a nut is becoming keener.

Within the Machine Tools Association, mixed with faith: Officials see a bright future for the industry, providing it can overcome the problems of the pound and the high cost of energy.

And these things, which are not machine tools, are a new spirit in the industry. At one time machine tools were almost monopolists. But it has changed in recent years. They are now open to the world.

Exports are now accounting for about 60 per cent of output. But new orders from overseas remained static throughout last winter and spring and were worth about £43m. in the February-to-April period.

Among the bright spots are Poland where Britain is rebuilding the country's tractor industry. This Massey-Ferguson and Perkins project is expected to generate £100m-worth of orders for machine tools, and many of them will go to U.K. companies.

Recent business in this area has been a contract signed by Kearney and Trecker-Marwin for the supply of transfer machines to produce cylinder heads for Perkins in Poland.

Other business booked in East Europe includes a contract worth more than £1m. signed by Lucas Control Systems, Coventry, for machine tool feed drive systems in the Soviet Union, and Adcock-Shipley Textron's £378,000 deal to supply Bridgeport copy milling machines to Russia.

In the Arab world, Staveley Machine Tools has landed a £5m. contract for a major workshop in the Dubai dry dock complex, which is to be built by Costain and Taylor Woodrow. Staveley's tools and equipment will provide maintenance facilities for vessels, engines and turbines.

The individual successes are good for the industry's image. But the overall picture presents a situation far behind those dreams of the industry's working party. In the three months from February to April this year export sales fell to £38m. from £41.3m. during the same period of the previous year. But the industry's leaders are convinced that the MTTA's new policy of devoting more resources to marketing will set things right.

Up to date £825m. has been handed out to companies under the Government's Machine Tool Aid scheme and approval of all applications being considered will involve aid totalling nearly £32m. It has been a scheme which has been treated with the industry's traditional caution—only when machine tool men were convinced it did not involve "back door nationalisation" did the applications roll in.

Britain's machine tool industry can show a slow and steady improvement in the domestic market. MTTA officials point to companies such as Interwood of Hinchurch, Essex, which has spent £500,000 in modernisation over the past three years, a huge amount of money for a group which employs fewer than 120 people. Interwood has also already spent £70,000 on new plant and equipment and plans another £30,000 of expenditure this year.

The last two years have spotlighted the U.K. machine tool industry's lead in coin-stamping machinery. Machine tool men say: "We may not have much money in this country, but we make everybody else's money." Cincinnati presses built at the Cincinnati-Milacron plant, Birmingham, stamped the Army's Jubilee medals at the Cardiff Royal Mint while Taylor and Challen coinng presses minted the Jubilee crowns and many of the Bi-ennial dollars at the U.S. Mint in Philadelphia.

MTTA president Mr. Bill Vaughan has a great belief in the "entrepreneurial spirit" of the industry. You find it echoed among machine tool men around the country. The industry is working at 80 per cent of capacity, and while this is not an ideal situation, the optimists argue that in a climate of world recession this is not too bad.

They are clearly hoping for significant gains from the Hannover exhibition, a move towards that 60 per cent export target. The U.K. industry still has a long way to go, but with the new emphasis on marketing, prospects seem brighter than before.

Alan Forrest

German dilemmas

IF ONE sector could be chosen to symbolise the strength—and at the same time, some of the dilemmas—of West German industry in the last quarter of the 20th century, machine tools would stand out as the obvious candidate. The West German machinery and engineering industry as a whole, and within it the machine tool industry, has a reputation second to none in the world, and has long enjoyed the commanding place in the international market place that this implies.

At the same time, it has endured the recent industrial recession at some cost, and as it contemplates the future it has to reckon with changes in the economic outlook, in cost and price relationships, in patterns of trade and—most importantly—technology whose full effect is as yet in a position to be assessed.

For the moment, the prospects for the world economy and for that of West Germany itself weigh most heavily. The machine tool industry has regularly exported in recent years about 70 per cent of its output. In 1976, it sold abroad DM5,015m. worth of production of some DM8,550m. It goes without saying that continued signs of weakness in the economies of some of West Germany's best customer countries, such as Italy and the U.K., and fresh signs from the U.S. that economic growth may be leveling off, have only added to the gloom with which the industry's leaders have been viewing their export prospects throughout 1977 so far.

These expectations have hardly been strengthened by the most recent data on the West German economy, which during the past two years has given many sectors of the machine tool industry most notably those dependent on the business of the housing motor manufacturer their bread and butter. At the end of an economic upswing that began in August, 1975, the business cycle has flattened out almost exactly at the moment when past experience suggested it would. Gross national product during the second quarter rose only 0.5 per cent, after 4 per cent in the first quarter and 6 per cent in the final quarter of 1976.

The Bonn Government's original hopes of a +4.5 per cent growth rate will not be met this year, and there is considerable doubt whether the 4.5 per cent for 1978 which has been regarded as a desirable

aim can be met either. While these figures mean little for the widely differing business conditions of the many branches of the machine tool industry, they do have an important bearing on the overall state of confidence. They are not likely to help resolve the vicious circle that has so bewildered West German ministers, economists and businessmen alike during the past two years, whereby investment in new plant and machinery has been held back by low rates of capacity use and by pessimistic views of the future—with the result of continuing to dampen sales and expectations in the capital goods industries themselves.

Demand

It was to break this deadlock that the West German Government last week (on September 14) approved a multi-faceted package intended to boost consumer demand by personal tax cuts and to encourage new industrial investment through more generous and more accelerated depreciation procedures on every kind of plant, machinery and other capital investment. The package has had only a muted welcome from business, yet at the margin it may encourage those companies who have been waiting for the opportunity to replace machine tools to do so now. Money is cheap and plentiful, with little expectation that interest rates will fall further. So will those customers who have been putting off replacing equipment do so now? The industry can only hope the answer will be found in an improvement in the sluggish trend of new orders from domestic customers.

Yet the overwhelming feature of the machine tool industry is its heavy dependence on foreign markets. West Germany accounts for no less than 20 per cent of the world's machine tool production, and 45 per cent of the output of the 13 most important West European countries in the field. It accounts for over 30 per cent of the volume of world exports, compared with 10 per cent for the U.S.

The pattern of this trade has, however, been altering steadily. West German machine tool manufacturers, in common with

many other branches of industry, were obliged during the worst of the 1974-75 recession to go out and look for new sources of business, and they found them in the oil-producing states and in Eastern Europe, both of which groups of countries have increased their relative importance among customers for West German machine tools while that of the traditional customer nations has declined correspondingly.

Although it is rash to attempt to generalise when speaking of return on capital was estimated in 1975 at not much better than 2 per cent. The other side of the coin, of course, has been to depress prices and sales for those machine tools from Eastern Europe which do find buyer interest in the West. Indeed, machine tool imports of all kinds have been increasing substantially in recent years, rising from DM1618m. in 1974 to DM74m. in 1976, or over 10 per cent of the domestic industry's output.

There is little sign so far of the effect this trend is having on the West German machine tool industry, although about 150-200 machine and machine tool companies have been going out of business each year for the past three years, according to the West German Union of Machinery Builders. Another measure of the industry's response to pressure has been a contraction in the labour force from a peak in 1970 of about 125,000 people to an estimated 97,000 this year. Yet the unimprovable condition is that even in West Germany, where both private and industrial buyers often appear to be willing to pay more for "German quality," a price effect brought about by lower wages costs abroad and by the remorseless upward drift of the Deutschemerk is making itself land, is far ahead of any other Western supplier.

The infinite specialisation and resurcellence of West German machine tool companies has in the past tended to blunt the effect in overseas markets, so faith in its products as its best guarantee for the future.

barrier deals which have frequently forced West German machine tool manufacturers to accept in part payment East European equipment which they are then obliged to resell in West Germany.

Such deals have been acceptable to machine tool companies in West Germany as a way of keeping skilled men and plant occupied, though at a further cost in cash returns to an industry whose overall level of return on capital was estimated in 1975 at not much better than 2 per cent.

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Adrian Dicks

their markets. There has also been some lencancy, especially as far as the U.S. is concerned, for larger West German manufacturers to set up their own factories in major markets.

How long can the West German machine tool industry hope to keep its strength in export markets, faced as it is with constant currency movements against it and with labour costs now reckoned to be the second highest in the world after Sweden's, and which account for over 35 per cent of its costs?

For the time being, the answer would appear to be that specialisation and technical excellence offer the best possible insurance against competition. Price alone, after all, is seldom as important a consideration as quality or reliability or suitability in making up an industrial customer's mind.

Structure

The structure of the West German machine tool sector reflects that same picture of increasing specialisation, sophistication and technical excellence. Out of about 500 companies who manufacture machine tools, among which some 350 are exclusively or predominantly in this sector, nearly half employ 500 people or fewer, while accounting for half the total output. Fewer than 200 companies have over 1,000 employees. The predominant form of ownership, taking in 60 per cent of the companies, remains one of single proprietorship or partnership—with obvious handicaps in terms of securing the financial resources needed to withstand recession, to support any substantial degree of research or in embark on more ambitious sales activities, but, with equally important advantages of flexibility and scope for the exercise of entrepreneurial fluid.

There has been no obvious trend towards greater company rationalisation or merger activity, pointing to the conclusion that, for all the hard times that many of its members have had to endure in recent years, the West German machine tool industry continues to put its faith in its products as its best guarantee for the future.

Adrian Dicks

Promotion effort

CHINE Tool Trades Association—Britain's main organisation for the promotion of machine tool factories. Its leader, a top Chicago industrialist, had this to say: "The British machine tool industry has much improved in the last four years." But the general view of the Americans was that the U.K. industry should embark on more aggressive marketing techniques in order to boost its U.S. sales.

What the Americans were saying delighted the supporters of the MTTA's switch of emphasis. And four selling missions, sponsored by the Association, are planned in the next eight months. In November British machine tool men will visit South Korea, next March the U.K. men will entertain a group from Sweden. The Canadians will be over here in May and also in May and the following month a party from South Korea. Machine tool men from Czechoslovakia are expected some time in 1978, but a date has not yet been fixed.

Example

Another example of the MTTA's new strategy was launched last month. For a long time it had felt that Press handouts and regular contact with business journalists are not quite enough to present the industry's image in a changing world. So the MTTA has sponsored a four-page twice-yearly tabloid newspaper, Machine Tool Enterprise, aimed at customers, MPs and potential overseas buyers. "It will be a new, and, we hope, important shop window for the trade."

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giving news and views of machine tool people and expressing our faith that Britain's future lies in the success of its traditional manufacturing industries," a front-page message says.

Mr. Bill Vaughan, the Association's new president, says: "It should assist the trade by telling the public about the manifold technological and commercial achievements of which it can be justly proud, but about which, all too often, quite wrongly, it is unwilling to talk."

The first print of 1,000 copies was immediately taken up and a further 1,000 copies were ordered. A second issue is planned for December.

Another project involving MTTA activity is the machine tool industry's own sector working party. The Association is constantly emphasising its importance to the industry and has little time for the criticisms of Mr. Enock Powell, who told MPs not long ago that he considers such working parties a waste of money. The machine tool party's leader is Mr. A. M. G. Galliers-Pratt, a former president of the Association and chairman of F. Pratt Engineering Corporation.

Mr. Galliers-Pratt has set out the working party's objective as an export to production ratio of 60 per cent by 1980. Other aims include the retention of the present home market share now running at 52 per cent, and a 6 per cent improvement in productivity to 1980.

President Mr. Vaughan has a plan to stop the continuing drain from the industry's pool of craftsmen. His aim—the rebirth of the guild craftsmen image in order to bring young people into the industry. There has been talk of an award financed by the Government and designed to offer incentives to highly skilled men to stay in machine tools rather than drift to highly paid jobs in other branches of engineering.

The Association has always been active in the manpower field. It has been responsible for the recruitment of about 350 university graduates into the machine tool trade since 1962. It has sponsored

university courses at Birmingham University and at Manchester Institute of Science and Technology and has helped organise special courses in hydraulics and electronics for technicians and sales engineers.

Association officials feel that these vital areas must not be neglected as the emphasis goes towards marketing and sales promotion. As one member put it: "Clearly we are right to put increasing emphasis on trade, but if you have not got the right back-up to trade and the right people working for you, the rest is useless."

Apprentice training, most members feel, must stay high on the list of priorities. There has been a disturbing fall in the number of apprentices entering the industry and some companies have ceased to recruit them during the present economic climate. This must be tackled urgently, the Association feels.

It has been helped in devoting more time to its new activities by offloading some of its responsibility for such matters as industrial safety and environmental studies to the Machine Tools Research Association at Macclesfield in Cheshire. But a changing world brings new problems.

Disputes

Officials see the need for greater concentration in coming years with what they describe as "industrial-legal matters," issues that might arise from membership of the EEC. From new and existing labour relations legislation, from trade disputes as the industry grows in other nations. For even though resources would not permit the employment of a full team of lawyers or statisticians, for example, these new problems must be tackled.

One Association member put it: "We are an extraordinary conglomeration of exporters and importers." With so many fiercely independent small companies, the Association has many more problems than other trade organisations.

Alan Forrest

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This is a market for +GF+ technology. We deliver machine tools that produce the components for the oil winning plant. Because, for example, drilling for oil is taking place in the North Sea, +GF+ lathes are busy. Oil exploitation needs turned parts.

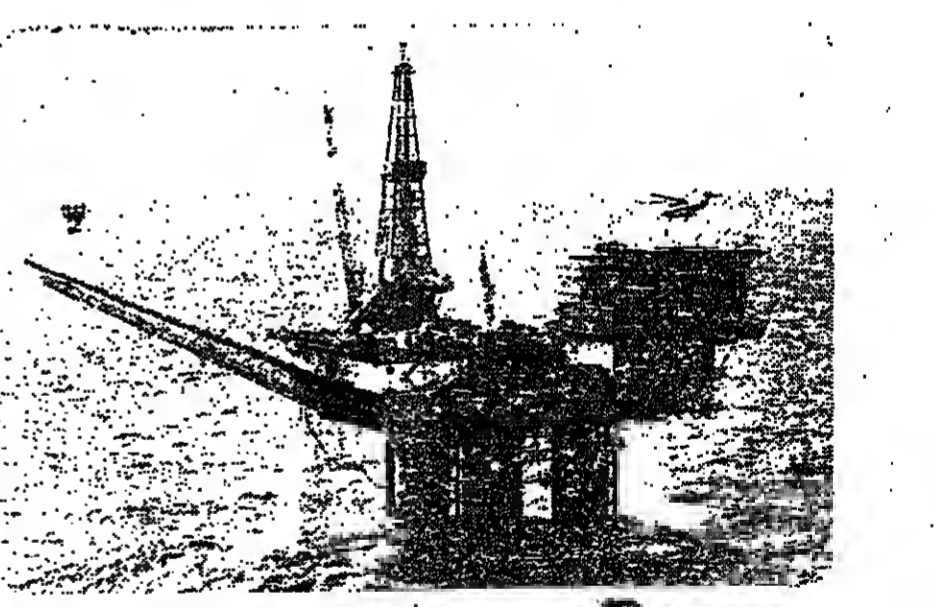
The initial stage of the manufacturing process

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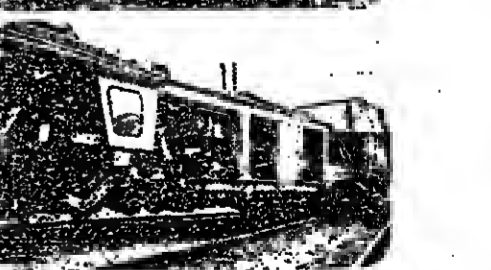
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chines, rolling stock and railway track machinery, agricultural vehicles, textile machinery and machines for the graphical industry - and last but not least for the machine tool industry. These are the machines that make progress possible. That is +GF+ technology.

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The Management Page

مركز من الأعمال

EDITED BY CHRISTOPHER LORENZ

How profits were made by going off the rails

Ironically that even as the railway industry is being sharpened for a new era of profitability on British Rail's loss-making parcels service, a small private company is heading for yet another record year under its management.

City Link, a niche, and a very profitable one, within the Rail Parcels business is a simple of private enterprise able to move more in response to a market State-owned monopoly, statutory limitations activities and hampered size.

City Link offers a very provides a nationwide collection and delivery to customers who are to pay for the un-speed and reliability of Red Star's express service, which operates only from station to station. Unlike Rail Express Parcels' ordinary services, Red Star is both profitable and, because goods are booked on specific passenger trains, tightly controlled.

The idea of adding a fast and flexible collect and delivery arm to the Red Star backbone came initially from a mini-cab operator, who formed City Link in 1969. Two years later, having mainly limited itself to business in the London area, the company had debts of £10,000 and was up for sale.

Mr. Bob Thomas, then 32, with wide experience of the air freight business, bought 75 per cent. of the company for £75. Within a year, the company was free of its inherited debts and on a development path which is expected this year to produce profits of £130,000 on a turnover of about £1m.

Although in the context of Red Star's £12m turnover, this is still small business, City Link's success has inevitably provoked the question: if Bob

Thomas could do it, why couldn't British Rail? One reason is the limitation placed on the railways under the 1968 Transport Act, when its road haulage interests were hived off to the newly formed National Freight Corporation. That does not, of course, deal with the fact that NFC itself might have provided a City Link type service; indeed, the theoretical threat of a future State takeover is one from which the company will never be completely free.

But the real explanation for the State corporation's failure to seize the opportunity made plain by City Link is the inflexibility of their structures.

Mr. Thomas's company is able to run a service throughout the U.K. with just 30 full-time employees, relying on the ad hoc services of 150 sub-agents and an even larger number of independent hauliers and mini-

This, Mr. Thomas agrees, was an important milestone in the company's acceptance within the still somewhat inward-looking railway community. "When I first approached British Rail about City Link, I

got the impression that they thought I was in for a quick killing. Now they know that's not true and we get excellent service from everyone. In my view, the quality of management and the efficiency of the railway is much higher than that of many airline companies," he says.

There is no doubt, though, that Mr. Thomas's experience in the air freight field was enormously helpful in develop-

ing an efficient structure for the City Link. The compatibility of City Link's system with that of the air forwarders is demonstrated by the company's growing connection with an international air courier, Jet-

British Rail to allow it to take the single-charge consignments between railway stations in major centres such as London, Birmingham and Manchester. Previously, a Red Star parcel had to be booked in two legs via London. City Link now offers a direct service and as a result has had to charge in certain cases.

Thus, City Rail and City Link combine their respective virtues of solid service and entrepreneurial flair in a deal which, in spite of the occasional rumbles of envy from the former, is very good for both parties. Mr. Thomas has a business with a reliable future and one which others have since unsuccessfully attempted to copy and British Rail has a customer of growing importance. When Mr. Thomas paid his first monthly cheque to Red Star in 1971, it was for £850. Even in the dog days of the August 1977, the cheque banked by British Rail will be for not less than £30,000.

Ian Hargeaves looks at how private enterprise has successfully added a fast delivery arm to British Rail's Red Star express parcels service and explains why the railway itself could not emulate such a business

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Michael Donne looks at the rapid development of a pioneering aviation company that has now become Britain's biggest cargo airline

Winging towards a rosy future in freight

IN HAS always produced a continuing challenge and inevitable problems around every corner. I suppose my contribution could be summed up by saying that I do not ask people to work any harder than myself. The progress one makes compensates for the stresses, and having lived in the independent aviation environment for approximately 30 years, I suppose one does not notice what seems odd to other people or out of mode with 1977."

Innovation

There is, of course, more to it than that. Innovation has played a major part. Stocks admits that he moved in at a time when more and more shippers were becoming interested in air transport as a means of distributing their goods, especially to the countries of the Third World where traditional surface transport infrastructures were nonexistent, and where scheduled airlines did not fly. This explains why IAS still has such a strong interest in the Eastern Hemisphere, especially in Africa and the Middle East.

"The aviation industry is highly competitive," says Stocks, "and it therefore follows that participants need to be aggressive in their marketing. To this end, IAS has made a successful contribution in penetrating new markets—by accepting commercial risks, largely in the area of taking responsibility for unused cargo space (on aircraft); gearing prices to directional traffic; creating a feeling of security and reliability for shippers and consignees; and pressing for the removal of unnecessary artificial rules, to encourage a



Mr. Alan Stocks, chairman and managing director of IAS Cargo Airlines.

greater liberalisation of air-service licensing policies." In addition, he believes that the conditions created worldwide by the oil crisis of 1973, and the subsequent economic and industrial problems worldwide, helped the growth of air cargo, especially to countries in Africa such as Nigeria, where the inflow of additional oil revenues has helped to create a demand for goods which only the industrial countries can meet as yet.

Stocks stresses that the air transport industry is still relatively young, and so fortunately lacks the worst elements of

traditionalism in transport. IAS has therefore been able to develop its own style of operations, eschewing enthusiasm among a comparatively young workforce for hard work and a high degree of self-sufficiency. "Since the industry requires a highly flexible approach, as

freighting requirements are often only known at relatively short notice, it follows that management has to respond in the same way, and perhaps this is one of the features which provides the industry with the stimulus necessary to operate successfully."

He believes that in future the scheduled airlines are likely to concentrate on carrying cargo in containers in the belly-holds of aircraft on regular passenger flights. The IAS operation, which moves all kinds of freight, often at short notice, to destinations not covered by scheduled airlines, or by other all-cargo flights, is certain to expand. "There is a rosy future for us, and without major catastrophes, I forecast a growth rate for IAS of between 12 and 20 per cent., providing we can continue to match the capacity to meet the demand, with rates pitched at the right economic level." Last year, IAS carried over 47,000 tons of cargo; this year he forecasts 55,000 tons.

Satisfactory

"Bearing in mind the continued rapid development of the airline, including fleet increases, new routes and expanded ground facilities, the latest financial result is just satisfactory. Although our profits are not rising in relation to inflation, the basic strength, stability and status of IAS has grown tremendously and our alternative type of air service (to the scheduled airlines' operations) is gaining wider recognition."

This year, IAS has been reorganised, and its activities are now covered by six divisions—head office, management,

accounts, ground services, operations and technical, each headed by a principal who forms the first-line management. "Matters which can wait are reviewed at monthly management meetings. At the same time, engineering and commercial meetings involving senior personnel of those divisions take place to discuss more detailed matters. When circumstances dictate, meetings are convened at short notice to deal with urgent matters requiring collective views; otherwise the divisional heads have the authority to operate the day-to-day management infrastructure to ensure a cost-effective and profitable operation."

Stocks says he motivates his staff by minimising supervision—"Consequently staff of the right calibre readily accept increased responsibility. Every encouragement is given to all

staff who reflect aptitude and effort. Wherever possible, the working environment is maintained at a high level, and the company endeavours to assist staff with personal difficulties. "IAS is currently reviewing a non-contributory profit-sharing scheme, and this could be introduced during the current financial year. Promotion is made from within the company's existing staff, and is essentially based on individual ability. At the same time, we are able to maintain the 'small company' atmosphere, and maintain and hopefully improve the feeling of team spirit."

As part of the reconstruction, the company's privately-held capital base has been strengthened, from £619,000 to £1.5m. This has been achieved by turning over a sum of deferred taxation to the reserve capital of the company.

Business courses

How to Make Exhibiting Pay. Charing Cross Hotel, London, October 19. Fee: £50 plus VAT. Details from Management Studies Centre, 51a George Street, Richmond, Surrey.

An Introduction to Company Law. Europa Hotel, London, October 14. Fee: £55. Details from Legal Studies and Services, Norwich House, Norwich Street, London EC4.

Tax and Financial Planning for Professional Partnerships. Hotel Metropole, Birmingham, October 26. Fee: £27 plus VAT. Details from London Professional Conference Services, 3

Barnes High Street, London S.W.13.

Health and Safety at Work. Rubens Hotel, London, October 24-25. Fee: £120 plus VAT. Details from InComTec, InComTec House, 7 High Street, Canterbury, Surrey.

Zero Base Budgeting. Selfridge Hotel, London, October 10. Fee: £325. Details from AMR International, 610 Frederick Close, Stanhope Place, London W2.

The Future of the Private Company in Britain. Queen Elizabeth Hall, London, October

25. Fee: £45. Details from Mr. C. J. Walters, Industrial and Commercial Finance Corporation, 91 Waterloo Road, SE1.

Insolvency—rescue, receivership or liquidation? Hilton Hotel, London, September 30. Further seminars at Winchester (October 7), Birmingham (October 11), Harrogate (November 8), and Manchester (November 15). Fees: £55 plus VAT in London, £45 plus VAT elsewhere. Details from European Study Conferences, Kirby House, 31 High Street East, Uppingham, Rutland, Leics.



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Thursday Sept 22nd 10.00am - 6.00pm
Friday Sept 23rd 10.00am - 4.00pm

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Tuesday September 20 1977

Widening the club

WHEN THE nuclear suppliers' club meets in London today, its members can reasonably expect that its activities are now back on course. The club was set up about two years ago with the aim of establishing additional means to those of the Non-Proliferation Treaty (NPT) for preventing the spread of nuclear weapons. Its initial success can be judged by the way its membership included France, which is not a signatory of the NPT, as well as the Soviet Union which, although one of the NPT's founding fathers, does not normally like to associate itself with Western nations in discussions of such sensitive matters.

Japan
Progress came to a halt, however, during the American election campaign last year when it became necessary to wait and see how U.S. nuclear policy would develop under a new Administration. In the event, there was a quite radical change. President Carter was not only firmly against nuclear proliferation; he was also against some of the technologies which had previously been conceived as essential for promoting the peaceful use of nuclear power. The last meeting of the suppliers' club took place in April only a few days after the guidelines of the new American policy had been announced. It was, by all accounts, a stormy affair. The Americans found themselves almost isolated with only Canadian support. The British, the French, the West Germans, the Japanese and the Russians all spoke out against the U.S. proposals.

What has happened since has been the steady erosion of the American position, coupled with the realisation on the American part that it was impractical to seek to impose constraints on countries which lacked America's own access to uranium supplies and which were dependent on nuclear power for their future energy requirements. President Carter wanted to stop altogether the reprocessing of spent nuclear fuel for use in the fast breeder reactor on the grounds that the plutonium separated in the process could be used for the manufacture of nuclear weapons. He also wanted to impose this condition on countries which bought their original nuclear

Looking beyond Phase Two

IN THE full twelve months of Phase Two average earnings rose by 8.8 per cent., according to the provisional figures issued yesterday, while the index of retail prices rose by 17.6 per cent. That is the measure both of the success of the Government's incomes policy—the original prediction had been an average rise in earnings of 7.5 per cent.—and of the frustrations which it has caused, as people have seen their living standards steadily eroded. The question now is whether they will accept the Prime Minister's assurance that the period of falling living standards is at an end.

Encouraging
With no more support from the TUC than the 12-month rule and a general endorsement of the Prime Minister's plea for moderation, some observers have dismissed the Government's target of a 10 per cent. average increase in earnings over the next 12 months as unrealistic. The issue has not yet been put to the test in a major negotiation either in the public or private sectors, but the Government has been encouraged over the last few weeks by scattered evidence of a willingness on the part of shop floor employees to negotiate Phase Two settlements and even to reject more militant demands put forward by their own shop stewards.

Psychological
Even if the miners are hauled off by the productivity deal, there are other sectors which could pose serious challenges to the Government's policy. British Leyland where the toolmakers are threatening a full-scale strike next month unless their demands are met, is one obvious source of trouble. But at least the great upsurge of shop floor militancy and massive wage demands which had been feared after the end of Phase Two has not materialised. The TUC conference may have had some psychological effect on union negotiators — and perhaps stiffened the resolve of employers to resist excessive wage demands. For the moment the tide is running in the Government's favour.

THE GREEN Paper on the economic implications of North Sea oil — now being drafted in Whitehall for probable publication in November—will be the Government's somewhat belated contribution to the growing public debate on the issue. Economists, City analysts and commentators have been arguing fiercely for several months about the claimed advantages and pitfalls, and the right policies, but the Government itself has been relatively quiet until now about alternative ways of exploiting the North Sea opportunity.

The general options to be included in the Green Paper are familiar enough. Should North Sea oil be used primarily to reduce inflation? How much of the revenue should go into industrial investment, and by what routes? How much should be allowed to go overseas? How can existing energy resources be replaced when the oil runs out and what effort should go into greater energy conservation? How much can be done to reduce unemployment?

The Government is not, of course, drawing up an isolated blueprint. It faces a whole range of partially conflicting financial, economic and political pressures. After all, production from the North Sea is increasing rapidly at a time when the economy has only just started to emerge from a long and deep recession with a record inflation, as well as with a huge total of foreign debt to be repaid during the next decade. There is thus no shortage of claims on the potential extra resources. Not the least important for Ministers this autumn is the approach of a General Election within two years at most.

The central point of the Government's approach is likely to be the assertion of the general hope that the economy in the early years to reduce inflation, foster energy conservation, repay debt and run the stop-go cycle—as reflected in Mr. Healey's recent comment that there was the prospect of a "generation of a steady expansion ahead" provided the North Sea oil benefits were used "sensibly". Acceptance of this assurance will, the Government hopes, encourage a general revival in business confidence and investment.

THE FIRST seven fields to be brought on stream in the North Sea have been meeting about half of Britain's oil requirements for the past couple of months.

On current evidence it seems likely that North Sea production will match U.K. needs late in 1978 or early 1980. That is in strict volume terms. In value terms the break-even point will be reached a little sooner. Most of the oil found in the North Sea has been of a comparatively light, premium grade. As a result it is worth about \$14 a barrel as against an average of around \$13 per barrel for imported, heavier crudes.

The question now exercising the Government—and the Conservatives planning their economic strategy—is how fast the oil reserves should be exhausted in the 1980s. There are still nine fields now being developed which have yet to go into production. More than a dozen other fields are being evaluated by oil companies and a number of these will certainly be developed over the next few years. This means that energy self-sufficiency will be maintained at least into the late 1980s. And there are plenty of prospects which should prolong this state of affairs.

ECONOMIC STRATEGY

The North Sea oil factor

By PETER RIDDELL, Economics Correspondent

POTENTIAL PAYMENTS EFFECTS OF NORTH SEA OIL

	1976	1977	1978	1979	1980	1985
1. Oil exports/imports saved (including insurance and freight)	0.7	2.3	3.4	4.8	5.5	6.7
2. Imports of goods and services for North Sea programme*	-1.3	-1.0	-0.9	-1.0	-0.9	-0.5
3. Imports/exports displaced by North Sea oil programme	-0.5	-0.5	0.5	0.6	0.7	1.0
4. Interest, profits and dividends due overseas	-	-0.5	-0.7	-1.3	-1.6	-1.1
5. Net interest on official assets/liabilities (as measured by the cumulative total of 1-4 and 7)	0.1	0.1	0.3	0.5	0.6	1.5
6. Net effect on current account	-0.1	1.4	2.7	3.7	4.3	7.6
7. Net effect on capital account	(0.1)	(1.1)	(2.3)	(3.6)	(4.5)	(8.7)
	(1.1)	(0.9)	(0.7)	(0.5)	(0.3)	(0.1)
8. Net effect on overall balance of payments (6+7)	0.9	2.1	3.4	4.5	4.9	7.5
	(1.2)	(1.9)	(3.1)	(4.1)	(4.8)	(8.9)

(Figures in parentheses are last year's estimates; discrepancies in totals are due to rounding.)
* The programme includes development, exploration and operating costs. Source: Treasury

There are certainly strong immediate pressures for a reduction in the level of direct taxes beyond just the adjustment of income tax allowances to allow for inflation. But this is being partly countered by demands for a restoration of some of last year's public spending cuts. The Government will probably not take a long-term view on this issue for the moment. This is because the decision on public spending plans for the next few years will be taken later this autumn—and when, are still likely to reflect the immediate question of how to be taken later this autumn—recent preoccupation with short-term control and stabilisation of public expenditure. But pressures are building up for renewed growth in this sector.

There are also no common on how any extra public expenditure should be distributed, for example, how much should be diverted to help stimulate industrial investment. There are well-established differences between those who favour increased support for the National Enterprise Board and those who believe that selective assistance via the accelerated programme would be more fruitful. And there is now a new wave of controversy in the prep for a North Sea development fund.

How Mr. Wedgwood Benn would save it

BY RAY DAFTER, Energy Correspondent

THE FIRST seven fields to be brought on stream in the North Sea have been meeting about half of Britain's oil requirements for the past couple of months. On current evidence it seems likely that North Sea production will match U.K. needs late in 1978 or early 1980. That is in strict volume terms. In value terms the break-even point will be reached a little sooner. Most of the oil found in the North Sea has been of a comparatively light, premium grade. As a result it is worth about \$14 a barrel as against an average of around \$13 per barrel for imported, heavier crudes.

Mr. Wedgwood Benn is also considering providing ENOC with a clutch of its own licences. Anything found under those licences could be developed when the Corporation platform shut down until gas handling equipment has been installed. The Department of Energy said it was concerned about the amount of gas that was being flared and wasted in the Brent Field. For the same reason Occidental was prevented from increasing peak production of its Piper Field until it had made an agreement to pipe ashore its associated gas.

The depletion policy, as set out by Mr. Eric Varley in his Energy Secretary's Statement in December 1976, remains as follows:
"No cuts will be made in production from fields prior to December 1975, 1982 or four years after production begins. For fields covered after 1975, no cuts will be imposed until 150 per cent of the capital invested has been recovered. Cuts in production will generally be limited to 1 per cent.
That policy still stands although there are a number of ways in which a government can delay the start of production from any discovered field. The Conservatives are also satisfied with the depletion policies which will be implemented in the subject discussion in the Cabinet. The Prime Minister, the Chancellor and the Energy Secretary made most closely involved option should soon appear negotiated by the undertaking, the Green Paper.

MEN AND MATTERS

An author's best friend

Literary agents like to think of themselves as the author's best friend, the professionals who "give advice, read manuscripts, arrange translations and give sympathy and insight" as Andrew Best of Curtis Brown—which is the big daddy of the trade—put it to me yesterday.

Up to now, however, much of the business of selling authors' rights to publishers around the world appears to have taken place on a rather informal, ad hoc basis of personal contacts, trade gossip, agents put out cyclostyled lists of authors and coming publications, as well as doing the rounds of book fairs and the like — of which the Frankfurt book fair in the autumn is the most important.

Sleeping tall

Now he's up, now he's down... as the bulletins on Victor, the weak-kneed giraffe, keep the nation on a peak of suspense, one question keeps rearing its head above the trees: do healthy giraffes ever lie down? I rang the London Zoo and talked to the resident giraffe expert (who merely gave a cryptic grunt when I asked his name).

As the man said

There is nothing that so intrigues students of the ultra-left in British politics as the food links between Colonel Gaddafi of Libya and the Workers Revolutionary Party of Clapham. A delegation from the WRP (best known to the public at large through Vanessa Redgrave's adherence) recently attended the eighth anniversary celebrations in Tripoli of the coup that brought the volatile colonel to power. Last week, the WRPs daily, News Line, gave up its centre pages to a verbatim deluge of Gaddafi's speech at the celebrations; alongside it was an editorial steeped in eulogies for Libya and invective against British "renegades" from Trotskyism who it seems are darnz to speak up for President Sadat of Egypt.

Pacific markets in mind? It's NBNZ time

Whatever kind of business you are thinking of doing in the Pacific area you have to get used to a difference in time. One that means it can be tomorrow there when it is still today here. The people to help you do that, and to supply all the specialist local knowledge that so often makes the difference between business success and failure are at NBNZ - The National Bank of New Zealand.

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Observer

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ACTIVITY TO-DAY: THE REFERENDUM

Mrs. Thatcher's capacity to learn

E, and heartening, sign of what Mrs. Margaret Thatcher had to say about a referendum in her stunning appearance on Sunday...

private reaction of some members of the Establishment has been to hoot with laughter. Yet the matter deserves serious debate. We should start by noting the most important aspect of the idea which is its indication that beneath that stern exterior there dwells a politically flexible soul.

strength of a popular vote in favour. None of this answers the central question posed by Mrs. Thatcher's studied, thoughtful remarks. A referendum on an industrial dispute might seem to some people to be moving far towards the main role of direct democracy for conflict.



Mrs. Thatcher faces Mr. Walden: her throw-away line left him spluttering.

even certain whether ought through her own for a referendum. Introduced at the end television interview at the questioner, Mr. Eden, was able to do a 'throw-away line' that made a 'tremendously point' if he had had more, Mr. Walden doubt have thought of supplementary after all when he was in the House of Commons in April 1975.

However you refine it, it would be exceedingly difficult to come up with a form of that question that all sides would regard as fair. In February, 1975, National Opinion Polls showed that five different forms of the question about whether Britain should remain in the EEC or not would produce five different results, from a 0.2 per cent 'No' majority for 'do you accept the Government's recommendation that the United Kingdom should come out of the Common Market?' to an 18.2 per cent 'Yes' majority for 'do you accept

legally unfettered trade union movement has become easier to discern. Some of the devices proposed by we reformers amount to double-locks: for example, a properly representative House of Commons would lessen the need for a properly elected and representative trade union leaders to give unrepresentative politicians a break, are but a few of the many indications of this. By reaching out towards the maze word 'referendum' Mrs. Thatcher has shown that she too is a helpless victim of this imperfect mechanism. It would be wonderful if she, or some other national leader, understood what needs to be done; meanwhile, we must rest our hopes on the chance that over a period of years events will force them towards a destination that is too blind to see for themselves.

As has been pointed out before, real devolution must, in the end, mean some kind of court to settle quarrels between Westminster and the devolved assemblies. Those who see the need for a Supreme Court on the constitution are close to those who wish for a Bill of Rights, the case for which has become stronger as the threat to the liberty of the individual by a weak Parliament and a

SEA OIL

SEA OIL... P. Richards... September 15 Samuel argued the case for North Sea oil gains a relaxation of controls. What was not in the mechanism overseas investment of \$ (which in any event would be facilitated by change controls.

Transport in city centres

From Mr. A. Cornish. Sir, - Neither the chairman of Transport 2000 (September 13), nor the chairman of London Amenities and Transport Association (August 31), seem able to come to terms with reality in their discussion of transport in city centres. Instead, they allow their preconceived notions to cloud rationality - a common fault of self-appointed lobbyists.

Essays on Hayek

From Professor Antoni Flew. Sir, - On July 7 you published a review from my pen of a book entitled Essays on Hayek. In the course of my review I made some severely critical remarks on the essay in that book by Professor Arthur Shenfield. After further consideration, and in the light of certain observations put to me by him, I wish to say that what I thought was incorrect in Professor Shenfield's essay was wholly correct, and that my criticism of his work was thus wholly misconceived. I regret very much that I may have caused a baseless misunderstanding to arise among my readers.

Volunteers or conscripts

From Mr. R. McRobb. Sir, - The recently published differences between Sir Keith Joseph and Mr. Prior about the closed shop problem has prompted me to go back a little in history. I believe that when trades unions were first formed their members joined because they wanted to join. They wanted to join because they firmly believed that membership of the union would be of benefit to them. There was no need for coercion. Certainly not for the closed shop.

Hotel charges in Spain

From the Director, Spanish National Tourist Office. Sir, - Your article on the increase in Spanish hotel prices requires some clarification (Sept. 15). It will not be the Ministry of Tourism which will impose British tour operators increased charges. The pressure will come from events, and the rules of supply and demand. The tour operators, as members of commercial organisations will inevitably realise - just as their colleagues in the Continent have realised - that the increases are necessary for good commercial reasons, for the maintenance of standards for their clients.

Big Alice's service

From Mr. R. Crawford. Sir, - Approaching the allotted span, I am painfully aware of the fallibility of human memory, but surely Big Alice (sic), (September 16, Page 17) for many years the only machine of a million horsepower, was built by Alice Chalmers long before the Siemens interest, and recently de-commissioned after a quarter of a century of service to Consolidated Edison. R. E. Crawford, 70, Abingdon Villas, W.8.

Letters to the Editor

ment's profitability but by the total value added which it created. The closed shop problem has prompted me to go back a little in history. I believe that when trades unions were first formed their members joined because they wanted to join. They wanted to join because they firmly believed that membership of the union would be of benefit to them. There was no need for coercion. Certainly not for the closed shop.

Fred Hoyle's Universe

From Mr. Martin Lewis. Sir, - While I have not read Sir Fred Hoyle's book, David Fishlock's view of it, September 12, makes it seem full of black holes as his Universe. Nuclear power may be the only stop-gap available in the developed world, but other sources of energy must be found for development, and this can only be by regarding nuclear power as a strictly short-term and temporary solution. We may otherwise find ourselves in a game that we cannot win.

Private social club

The Atrium club is available to Galleria owners and other discriminating individuals. Its sun-lit indoor swimming pool and sundeck, sauna, steam rooms, exercise rooms, cocktail lounge and restaurants are all found within the building. The Initiation Fee is \$750 and dues are \$80 monthly.

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To-day's Events

Provisional unemployment figures and unfilled vacancies in September. Statement by Sir Harold Wilson following all-day meeting of the Wilson Committee on the Financing of Financial Institutions, Guildhall, and launch of the Committee's first publication containing written and oral evidence of the Treasury and Department of Industry. EEC Foreign Ministers meet in Brussels.

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It tells you why shrewd European Businessmen are buying apartments near Park Avenue. This 24 page colour brochure will help you decide if a Galleria apartment would be a sound purchase for you or your company. Now sponsored by Morgan Guaranty Incorporated, a wholly owned subsidiary of Morgan Guaranty Trust Company, Galleria is located amid the drama and excitement of the world's capital, New York City. A truly international luxury residence: over half of Galleria's owners come from 29 countries, the remainder being Americans. All have made the wise decision to put money into New York City real estate.

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Tricentrol surges to £2.5m. half time

FIRST HALF profits of Tricentrol at £2.46m. are more than double those of the first three months, and within a whisker of the record £2.47m. achieved in 1976. They compare with £895,000 for the first six months of last year.

For the second half of the current year the directors do not expect profits to greatly exceed the £1.38m. recorded for the same 1976 period.

In the North American exploration and production division profits in the half year jumped from £794,000 to £1,517m. while in the U.K. commercial division the contribution from cars and trucks went up from £273,000 to £778,000.

In North America gas and oil sales for the quarter reflect increases in crude oil and natural gas prices, the directors state. Profits include the full effect of "small producer" status, and the increase in the nationwide gas price which remains under appeal by consumer groups.

In the event of the appeal succeeding, the estimated maximum consequential reduction in profits before taxation for the six months would be £281,000.

In Canada the most active exploration programme for oil and gas reserves to date saw the acquisition of attractive acreage in the face of extreme competition. This acreage will form the basis for drilling later this year and in 1978.

In the U.S., due to recent marketing restrictions, most producers have unexpected surplus gas supplies this summer and reduced levels of production are anticipated during this period of low demand.

In the U.K. the Thistle Field development programme for oil and gas production of first oil is expected before the end of 1977, members are told. "Thistle Venture," the first oil tanker carried for loading from the SAGM offshore loading buoy is expected to be delivered early October and a second is under conversion.

No further drilling has taken place on Block 511/18 since the completion of Well No. 16 and information from this and earlier wells, together with the results of further seismic work, is now

being evaluated before any decision is taken regarding future activity.

Turning to other areas, the directors report that following the field survey carried out in 1976, discussions on the future Afghan Government policy are continuing with the Afghan National Petroleum Company.

Investment opportunities in exploration prospects outside the U.K. are being investigated and promising areas in Europe, South America, Australia and elsewhere are under examination.

In Europe the commercial division continues to show a very welcome trend of profit improvement, the directors state. The automotive interests have been moving forward very strongly.

Results from the construction industry in the U.K. and on the Continent is still very depressed, the distribution businesses in this sector are showing promising signs of recovery.

Results from the Canadian builders merchants continue to show improvement against the previous year.

In Australia steps taken have helped to contain trading losses during the wind-down phase.

The interim dividend is doubled to 0.85p—the total for 1976 was 0.8125p.

comment

Among those waiting for North Sea profits to flow, Tricentrol is widely, and in some cases almost inexplicably, diversified (paper products in Malaysia, spray cans in Australia). But the interim figures show some solid gains in the U.K. car and truck dealerships, these now producing around 30 per cent of operating profit.

The bulk of profits however continue to come from the U.S. gas operations and though a pre-tax level of £2.46m. is well on the way to market anticipations of £5m. for the whole year, the caution sounded by the company for the second half mainly revolves around the U.S., so the shares followed the trend to fall 9p yesterday to 188p. The outlook still rests firmly on Thistle Field, late but not as late as some fields in oil-bearing production.

Providing this starts by the end of the year, the repayment of Government loans is still scheduled at and 1979 and the remaining worth to Tricentrol is around £40m., half the group's present capitalisation.

Dixon stake to be cancelled

TERMS OF the arrangement between Bank Bridge Group and David Dixon, which was first announced in June and involves settlement of the Bank Bridge debt of £710,023, will result in a reduction of the number of Dixon shares in issue. Shareholders in Dixon are told that Bank Bridge is to cancel its 28 per cent holding, amounting to 592,634 Ordinary 25p shares, rather than sell them in the market and pass the proceeds back to Dixon.

The effect will be to increase the value of the consolidated net tangible assets per Dixon share from 61p to 103p and to lift earnings after tax, but before extraordinary items, from 33p to 35p a share. The move will also boost the proportion of the outstanding equity held by Mr. Malcolm Horsman from just over 18 per cent to 23 per cent. A 13 per cent Banque Belge stake will increase from 15 per cent to 21.2 per cent.

The terms of the settlement also include the payment to David Dixon of £25,000 in cash and the issue of 2m. Ordinary fully paid shares in Bank Bridge.

It is also proposed that, in consideration of the 8 per cent, now 4.2 per cent, Preference share-holders in David Dixon sanctioning any variation of the rights attached to their shares inherent in the proposed terms of settlement, the rate of dividend payable on their shares should be increased from 4.2 per cent to 7 per cent. (In both cases exclusive of the associated tax credit).

The David Dixon share price ended yesterday virtually unchanged at 45p but the Preference shares closed 15p higher at 55p.

The debt arose out of our chase by David Dixon in August, 1973, of the capitals of Minard Knitting and Scholersville from Muring, a subsidiary of Bank Bridge. This acquisition was satisfied by the issue of 800,000 Dixon shares and £730,000 cash and some additional debts of £220,000 were also settled. The terms of that acquisition included a formula by which Dixon would be reimbursed in the event of any shortfall in projected profits of the two companies. On this basis

Blyvooruitzicht Gold Mining Company, Limited

(Incorporated in the Republic of South Africa)

The following is from the Statement by the Chairman, Mr. A. C. Petersen:

The report of the directors, to which the attention of members is directed, describes the results of operations at the company's mine for the financial year ended 30th June, 1977.

The main factors affecting the results of the company for the year ended 30th June, 1977, were the erratic and initially low supply of labour and the equally erratic and generally low price of gold. The summary of results shows the considerable drop in tons milled and therefore gold produced between the year ended 30th June, 1976, and the year just completed. The price received by the mine for its gold averaged R3602 per kilogram (approximately U.S.\$125 per oz.) and this, coupled with the lower production, reduced the working revenue from gold to R78 935 000 from the previous year's R88 872 000.

Working costs per ton milled continued to rise and were 30 per cent higher than in 1976. This high percentage increase in unit costs was due not only to the increases in wages, stores and other items, particularly electricity, but also to the low tonnage milled.

Fortunately the labour position has become more stable and it is unlikely that the severe shortages and changes in the type of labour applying for work on the mines will be repeated in the coming year.

Uranium made a small contribution to total profit. State shares of profits and taxation were considerably lower than in the previous year due to the lower profit and higher capital expenditure.

The net profit, at R28 812 000, was R2 373 000 lower than in 1976.

Capital expenditure was approximately R2 million less than I forecast in my statement at the beginning of the year. The wide fluctuations in the price received for gold during the past year when for one month the mines received only an average price of R2881 per kilogram (U.S.\$103 per oz.) had a most unsettling effect on the industry as a whole and caused the postponement of many of the capital works designed to expand or improve production in the industry. However, on Blyvooruitzicht the major items of capital work were not delayed and at the year-end the new hostel was being occupied and the extension to the uranium plant to treat the gold plant tailings from Nos. 1 and 6 slimes dams had been completed.

Expenditure of a capital nature during the current year is estimated at about R10.5 million. This will be incurred mainly on preparations for increased production from the western section of the mine and includes the costs of refrigeration plants, improved compressors, air recirculation, additional pumping and haulage facilities and rolling stock, and hydraulic props for support in stopes.

Expenditure on metallurgical projects will include final payments on the extensions to the uranium plant, completion of the Botswana plant which will operate in conjunction with it, and the purchase and installation of the balance of the slimes reclamation equipment. In addition there is the possible installation of a flotation plant to recover gold from the residues arising from the reverse leach process which treats the high-grade fraction of the run of mine ore.

Capital expenditure during the years ending 30th June, 1978, and 30th June, 1980, will decrease significantly and thereafter capital will only be required to maintain ongoing operations.

The proposed amendments to the Articles of Agreement of the International Monetary Fund are in the process of ratification by members of the Fund and are expected to be approved towards the end of this year. The President of the Chamber of Mines of South Africa in his recent annual address, stressed the importance of the effect of the amendments and of the announcement made in February, 1977, by the South African Minister of Finance that following ratification of the amendments, the South African Reserve Bank would revalue its gold reserves at a market related price and pay producers the market price immediately on delivery of gold.

The proposed amendments to the Articles of Agreement of the International Monetary Fund will be by eliminating the statutory monetary functions of gold, have the effect of reconstituting official gold holdings by allowing central banks to buy and sell gold freely. If the existing agreement between the International Monetary Fund and the Group of Ten countries is not to increase their net aggregate gold holdings is not renewed in January, 1978, the gold market should enter a new and buoyant phase shortly thereafter. Gold will therefore become a proportionately more important component of world reserves and it is possible that it will once again be used as a medium for settling international transactions. This should stimulate world interest in gold and the extreme fluctuations of the past should not recur. In my opinion, fluctuations will be relatively minor and a steady overall increase in the price of the metal can be anticipated.

The outlook for uranium has been complicated by a number of developments which occurred during the year. The anti-nuclear lobby mainly comprised of environmentalists, is still very active and has probably been partly responsible for the action taken by certain governments to restrict the installation of such facilities for the time being. The allegation that nuclear power generation may present an opportunity for unauthorized persons to gain access to materials from which nuclear weapons could be fabricated has undoubtedly assisted the anti-nuclear groups in their activities. In April, 1977, the president of the United States of America announced his new energy policy. This policy has received wide publicity and I do not propose to discuss it in any detail. While it is considered, in some quarters, to be a step towards nuclear power, it does not appear to be inflexible. It does indicate a fairly firm resolve to develop a nuclear fuel cycle which will reduce or eliminate the risk of proliferation of nuclear weapons. If this can be achieved, and it will almost certainly entail abandonment, in whole or in part, of the plutonium cycle in the short term, it should partly appease the anti-nuclear groups and substantially improve the demand for uranium. Finally, any general view, however brief, would not be complete without reference to the dilemma confronting the Australian Government. For some time the potential impact on the market of substantial additional production capacity in Australia has been a source of concern to other producers. The Commission appointed by the Australian Government has published reports which provoked much discussion in various quarters. The Government of Australia has just announced its policy regarding the exploitation of the rich ore bodies in that country and the development of mines will

now commence. Taking all factors into account, I do not expect that this will be such as to result in any serious term dislocation of the market. While there may be periods of uncertainty and a red growth rate in selling prices, I am still confident that the middle to long-term prospects for uranium producers are sound.

It was in the light of our belief in the future of the metal and the present prices obtained for spot sales of uranium that the company decided to extend its uranium plant and to effect additional production in 1978 onwards. Sales of uranium are negotiated, a customer loan of R1.8m arranged and further supply contracts negotiated from time to time.

The mining industry has been criticised in South Africa and overseas publicity for the employment conditions of its workers. The information contained in these articles is often incorrect and the graphs are produced of various phases of life on a mine which are completely out of date and sometimes even show portions of housing facilities which have long since closed down. It is common with other mines in South Africa, Blyvooruitzicht improved the working and living conditions of its Black employees considerably over the past few years. The modern Black worker is still in the main a wage labourer. He is not content with mere wages and cash earnings, periods on the mines, to the substantially increased wages he has received during the past five years (the average on Blyvooruitzicht has increased five times over the past five years). The worker can obtain his target earnings much more rapidly than he has been able to do in the past. The mine therefore tends to be shorter than it was some years ago and the worker has maintained the traditional permanent farming or other activity at home.

The mine is pursuing a policy of continuing training and thereby raising the skills of Black workers. The more highly skilled men obviously earn far more than the unskilled ones and the mine's policy is to persuade the former to become permanent workers on the mine. During the past years, the percentage of South African men employed on the mine has risen from 25.5 in 1971 to 48.1. The difficulty of providing full family housing for Black men is not as great as it is in the case of foreign workers and the company is considering a number of schemes whereby it provide married housing on the mine to assist the employees to build their own homes in the areas to which they come. Where possible the intention of the mine would be to provide single accommodation for the workers during the week, but to make arrangements for him to travel home for the weekends, matter how large a mine is. It must always be remembered that it has a finite life and its ownership in the immediate vicinity of the mine might not be in the long-term interest of the employee.

The uncontrolled raising of wages, particularly of unskilled workers, must lead to inflation. The increased wage level mentioned above provide the unskilled worker with ample funds, for his immediate needs. His ambitions for higher pay must be met by opportunity given to him to develop in skilled worker or supervisor. The training programmes offered by the mine provide means for self-betterment and it is up to individual concerned to advance through various grades available to him on the mine. However, it is recognised that trade union practice and certain legislation present barriers to advancement beyond a certain level. The policy of your company is continually to press for the lowering of these barriers, the ultimate aim of ensuring equality of opportunity for all its employees.

During his stay on the mine, the migrant worker is housed and fed. The original hostel on Blyvooruitzicht was built to the highest pre-war standards and good quality balanced meals have always been provided from the extensive kitchens. However, new hostel has been built to standards higher than the previous hostels. In addition, the cooking facilities have been completely modernised and smaller dining rooms provided where meals are available at hours. Recreation facilities in the form sport, general education, T.V. and radio shows are continually being expanded.

During the year dividends No. 62 and No. 63 of 22 cents and 25 cents respectively were declared.

The tonnage milled for the year ended 30th June, 1978, should be considerably higher than for the year just ended. I predict the price of gold to remain at or above its present level of R4 054 per kilogram (U.S.\$145 per oz.) and inflation can be contained within reasonable limits, the national production, even at a lower rate resulting from the mining of the west section, and the revenue obtained from sales of uranium, should result in improved earnings before tax and appropriations. However, capital expenditure on preparations for increased production from the western section of the mine, taxation and loan levies will reduce the amount available for distribution as dividends to an amount slightly greater than that distributed in 1977.

On 2nd September, 1977, a very severe earthquake occurred towards the bottom of the B2 East tunnel, 137 metres of st. face were badly shattered with almost complete closure of the adjacent stoped area. Due to the magnificent efforts of the rescue teams many of the men working in that area of the mine were rescued, but it is with a heavy heart that I have to inform members of 32 of our employees lost their lives. I express my sympathy and that of all the members of Blyvooruitzicht Gold Mining Company Limited to the families of these men. A court of enquiry into this accident will be held shortly.

In conclusion, I have pleasure in recording the board's appreciation of the services rendered by the managing director, Mr. D. Waterman, by the general manager, Mr. R. Forster, and his predecessor, Mr. P. L. Vaughan who died on 14th August, 1976, and by the staff and the men of the mine, and by the technical and administrative staff at head office, and by the secretary in the United Kingdom.

The 1977 Annual General Meeting of Blyvooruitzicht Gold Mining Company Limited will be held in Johannesburg on 21st October, 1977.

Copies of the Annual Report and Accounts can be obtained from the office of London Secretaries, Charter Consolidated Limited, 40 Holborn Viaduct, London, EC1A 3DF or from the Government Transfer Office of London Secretaries, P.O. Box 100, Chamber House, Park Street, Ashford, Kent, TN25 8EQ.

Results from the Canadian builders merchants continue to show improvement against the previous year.

In Australia steps taken have helped to contain trading losses during the wind-down phase.

First half 1977 1976

Commercial Division	1,397	588
U.K.	512	196
Leas	216	77
Builders merchants	44	28
Hardware and	263	254
zircon supplies	32	45
The Netherlands	111	11
Builders merchants	111	11
Australia	7	6
Manufacturing	41	103
Builders merchants loss	16	16
South East Asia	2,729	1,220
Patent products loss	34	172
Mining	251	121
Research expenditure	294	274
Central cost	122	110
Interest net	2,842	895
Operating profit	2,842	895
Extraordinary items	168	168
Tax	1,542	1,542
Net profit	1,468	702
Attributable	1,468	702
Loss of Credit (debit)		

The Malaysian trading company has now ceased business and further provision has been made for anticipated losses on liquidation.

W. E. Norton good start

Shareholders in W. E. Norton (Holdings) were told by Mr. W. E. Norton, the chairman, at yesterday's annual meeting that since the beginning of the current year his business had continued to prosper. To date the value of orders taken as well as of machines delivered and invoiced to customers exceeded the achievements at the equivalent stage last year.

He was confident that the interim results to be announced in December would show further improvement compared with the equivalent period last year.

Mr. Norton said he remained optimistic about the general potential for the company's type of machine tool distribution and the directors were continually exploring new ways of realising this potential.

Improving trend for Jas. Wilkes

Plans for a return in better profitability at James Wilkes are beginning to show results, reports Mr. W. J. Wilkes, chairman, in his interim statement.

However the market place is still extremely competitive and growth sluggish, he adds.

It may prove difficult in the second half due to the intervention of holidays to maintain the same rate of improvement as the first half but the underlying trend is in the right direction.

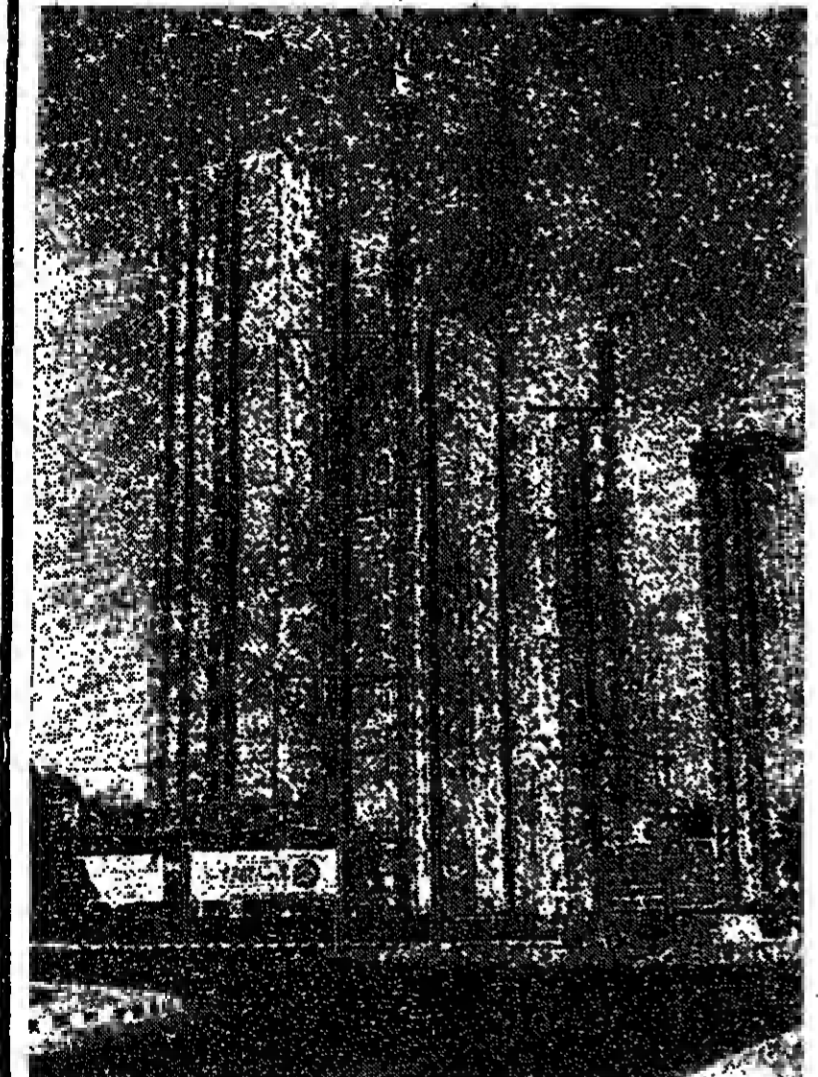
Due to careful restraint the group's financial position remains sound and resources are adequate for the foreseeable future, it is stated.

As known, first half 1977 pre-tax profit rose from £0.13m. to £0.23m. and the net interim dividend is being held at 1.355p per 55p share.

The previous year's profits amounted to £0.23m. and dividends 3.452p.

"We will continue our policy of diversification and growth, especially overseas, where results achieved so far are encouraging."

— Sir Robert Douglas, O.B.E.
Chairman of Robert M. Douglas Holdings Ltd.



10,000 Homes Project, Maryland Site, Heliopolis, Cairo on which the Lift Slab system of construction is being employed. The central cores of 9 multi-storey blocks of residential accommodation ranging from 22 to 25 storeys are also being allpharmad by British Lift Slab Limited. Main Contractor: The Arab Contractors, Osman Ahmed Osman & Company



M42 Birmingham - Nottingham Motorway (Salihull Section) for Midland Road Construction Unit, Department of Transport Interchange with the A48 Birmingham Conventry Road. Main Contractor: R. M. Douglas Construction Limited. Surfacing by: R. M. Douglas Asphalt & Paving Limited.

The Annual General Meeting will be held on 13th October 1977 in Birmingham. The following are highlights from the results for the year ended 31st March 1977.

Despite very difficult trading conditions, I am glad to report a satisfactory year's results with a 20% advance in our trading surplus to £3,119,325. Turnover fell by 6% to £70,648,000 but the pre-tax profit was up by 19.6% at £3,200,793. During the year £2.38 million was invested in the United Kingdom in new plant and buildings financed from internally generated funds.

The final dividend of 2.8735p per share net, together with the interim dividend of 1.005p net already paid, makes a total of 3.874p per share - the maximum permitted. This dividend would have absorbed £313,542 but notices of a waiver have been received from certain shareholders amounting to £44,668. A capitalization issue of one new share for every four shares held will be proposed at the Annual Meeting.

The Construction Division suffered the anticipated reduction in turnover but achieved a substantial increase in trading profit. The ten mile stretch of the M42 motorway was completed ahead of time and a large variety of contracts are currently in progress. The reputation enjoyed by this Division has ensured a satisfactory level of enquiries and our United Kingdom order book is at a similar level to last year.

The inevitable consequence of the long period of restraint in capital investment and continued inflation have had their impact in a number of our trading companies. Our inability to increase prices to a level commensurate with increased costs has influenced profit margins but our trading results are a clear reflection of the continuing improvement of the Group's strength.

Our liquid resources have further increased and are available to support both expansion at home and our activities overseas.

Encouraged by our results overseas, we are intensifying our efforts in this direction and are forming companies in the United Arab Emirates and the Channel Islands.

Our diversified interests in the construction field, which remain among our major strengths, have in recent years served us well in cushioning the impact of the depressed state of the economy on the industry and have again made substantial progress.

I feel confident that our various companies can be relied upon to withstand the changing economic and technical demands and to maintain their successful growth.

PROGRESS OF THE GROUP DURING THE PAST FIVE YEARS

	1973	1974	1975	1976	1977
	£,000	£,000	£,000	£,000	£,000
Group turnover	31,520	45,783	65,436	75,240	70,648
Profit before taxation	1,870	2,357	2,857	2,674	3,201
Profit after taxation	1,175	1,108	1,212	1,647	1,726
Profit retained	1,115	895	891	1,571	1,425
Depreciation	719	806	955	1,180	1,388
Capital employed	6,767	8,089	10,228	11,775	13,260
Asset value per share	106p	101p	127p	145p	154p

Note: The figures for 1976 and 1977 reflect the change in accounting policy relating to deferred taxation.

DOUGLAS

Copies of the Report and Accounts may be obtained from the Secretary, Robert M. Douglas Holdings Limited, Birmingham B23 7RZ

مكتبة الأمل

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Unions concerned about VFW-Fokker's liquidity

BY ADRIAN DICKS

BONN, Sept. 19.

THE West German Government is coming under growing pressure from trade unions and politicians in North Germany to take an active role in the affairs of Vereinigte Flugtechnische Werke-Fokker, the German-Dutch aerospace company whose breaking up and restructuring has become a matter of open speculation.

Anderson Clayton withdraws Gerber bid

By Our Own Correspondent

NEW YORK, Sept. 19.

ANDERSON CLAYTON, the Houston-based foods and oil-seeds group, today surprisingly withdrew its \$300m. takeover offer for baby foods manufacturer Gerber Products.

MOVING IN ON GERBER

Unilever is keeping mum

BY STEWART FLEMING, IN NEW YORK

"ONE THING I would say about the leak is that it suggests that Goldman Sachs is scurrying the world for more suitable suitors."

Gerber is now in receipt of law suits from shareholders... Gerber is now in receipt of law suits from shareholders...

In order to understand Unilever's interest it is worth re-capping the beginnings of the bid.

world-wide sales, those Lever Brothers and the Lipton operations of \$1.2 billion.

Phoenix Gummi suspended

by GUY HAWTIN

FRANKFURT, Sept. 19.

DEALINGS IN the shares of Phoenix Gummiwerke, one of West Germany's largest tyre manufacturers, were suspended today.

Warner-Lambert prospects

By Our Own Correspondent

NEW YORK, Sept. 19.

WARNER-LAMBERT Company expects 1977 earnings to increase to \$2.35 a share and possibly more.

Bold proposal

Anderson Clayton, a Houston-based foods and oilseed processing company which was once the biggest cotton merchant in the world, announced that it was ready to make a \$325m. offer for Gerber on April 18.

What is known however is that shortly after Anderson Clayton announced in mid-April that it was prepared to pay \$325m. for Gerber.

More important, from Anderson Clayton's view was open up the supermarket shelves and a company taking over Gerber would want to make the most of its distribution system.

Number one in marketing... In a marketing context, Unilever's U.S. operations in the U.S. are simpler and less diverse.

Lykes Corporation closures

BY JOHN WYLES

NEW YORK, Sept. 19.

LYKES CORPORATION, America's eighth largest steel producer, today added to the wave of closures and cut-backs afflicting the country's steel industry with an announcement that a substantial portion of its capacity at Youngstown, Ohio, would be shut down by the end of the year.

IBM's \$2.7m. damages order

BY JOHN WYLES

NEW YORK, Sept. 19.

INTERNATIONAL BUSINESS Machines Corporation has been ordered to pay \$2.7m. damages by a federal jury for allegedly trying to destroy the business of Forro Precision Inc., a California computer parts manufacturer.

The damages award is based on Forro's claim that in June 1973 IBM "acted together with others, seized plaintiff's business records, including confidential pricing information and blueprints."

Mr. Frank Cary, IBM's chairman, said he was disappointed that the jury had not reached a decision on the "antitrust charges" since he is confident of his position.

Prospects for Borden High... Borden Inc., the New York food and chemical company, is prospecting for this year.

REPORT TO INVESTORS from a company called TRW. TRW Sets Second Quarter and First Half Records. TRW Inc., an international supplier of high-technology products and services, reports record second quarter and first half sales, earnings, and earnings per share.

TELEFONOS DE MEXICO, S.A. 50,000,000 United States Dollars. 9 1/4% 1977-1984 Bonds. List of international banks and financial institutions.

Steel: where Korea rivals Japan at its own game

BY CHARLES SMITH recently in Pohang



There's a lot more like me in Newport.

People who are willing and able to help you build a prosperous business, an abundance of all kinds of labour. But that's only one of the attractions of Newport.

There's the ease of access to London, the Midlands and the North. Fast main roads, frequent train service, airports and docks.

There are plenty of prime sites from 1/2 to 50 acres that are well worth a look. If you decide to do more than look, there's an understanding Council willing and able to help, in the way it has helped many other companies.

So think about Newport. Then look at Newport.

Find out more by contacting the Chief Executive, Ref: F.T., Civic Centre, Newport, Gwent. Telephone 0633 65491.



NEWPORT

where business has room to boom.

APOLLO

Edited by Denys Sutton

The world's leading magazine of Arts and Antiques

Published Monthly price £1.50 Annual Subscription £21.00 (inland)
Overseas subscription £24 USA & Canada Air Assisted \$48

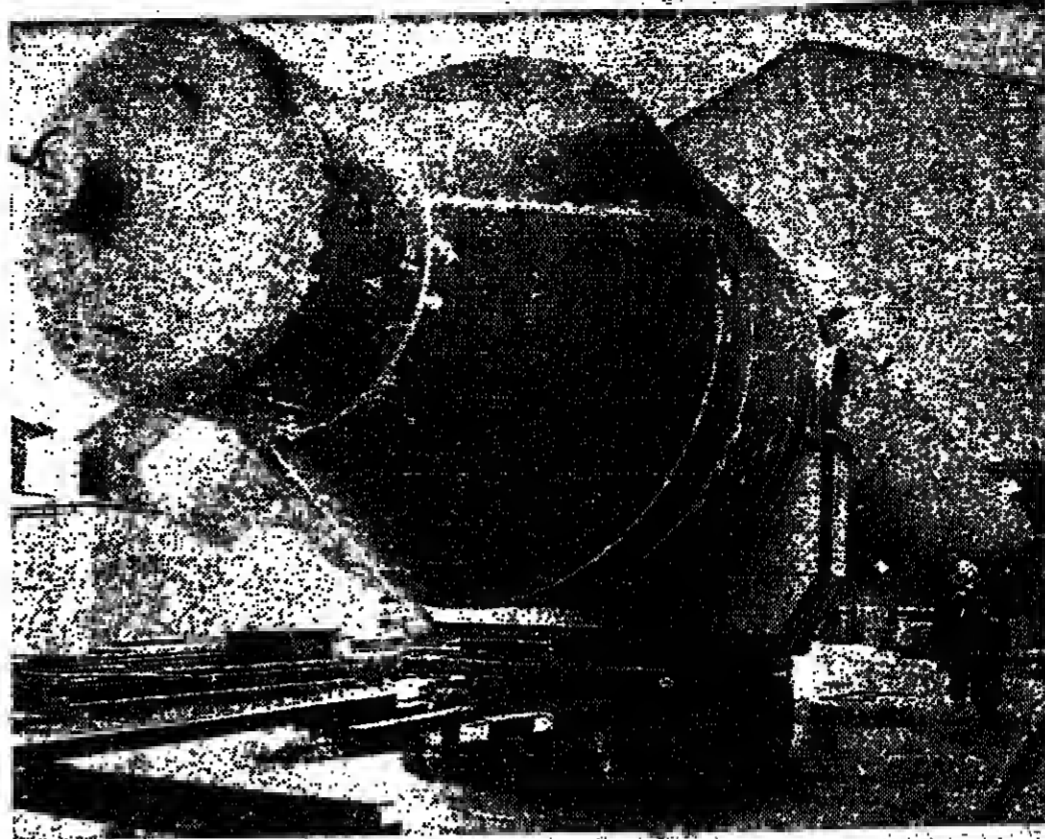
Apollo Magazine, Bracken House, 10, Cannon Street, London, EC4P 4BY. Tel. 01-248 8000

IT IS hard to believe, but in 1967 when the South Koreans were planning to build their first integrated steel plant they approached a number of companies in Europe for help because they did not think that the Japanese had enough experience. Today, the government-owned Pohang Iron and Steel Company is producing 2.6m. tons of steel a year, with productivity rates roughly 50 per cent. above those in the U.S. and marginally behind those in Japan.

Posco exports 25 per cent of its output and will keep the export ratio at about that level as production builds to 8.5m. tons in the early 1980s. The bulk of the machinery and equipment for the plant, plus nearly all the ideas about layout and production planning came not from Europe or the U.S. but despite the initial doubts from Japan.

The history of Posco's start in life, which is also the history of one of Korea's major successes in the development of heavy industry, runs roughly as follows: in 1967 the Korean Government signed an agreement with a consortium named Kisa (Korean International Steel Associates) for the construction of a 600,000-ton per year capacity plant at Pohang. Kisa included steel manufacturing and heavy industrial companies from the U.S. and four European countries whose banks and/or Government were to provide foreign exchange for the project.

After signing the Kisa agreement Korea embarked on site preparation at Pohang. But in 1969 a World Bank study found that the project was uneconomic and the Kisa associates withdrew their offer of financing. It was then that Korea turned to Japan. The result was a new plan for Pohang which raised planned capacity by 60 per cent. (to 1.03m. tons in the first stage of the project). The Japanese and the Koreans got to work and the plant began to operate in July 1973. Japan had provided virtually all the equipment for the first stage with the exception of a plate mill bought in Austria.



A distillation column, 98 feet long, leaves Air Products' Welsh works for Pohang.

In the subsequent stages the Koreans are trying to diversify back towards Europe: stage two which came on stream in May of last year included equipment from the U.S., France, West Germany, and Austria. Stage Three, on which work began this summer, adds supplies in Belgium and Britain (an oxygen plant being constructed by Air Products) to this list. Pohang, with a 17 metre ebb and flow on the west coast.

When Posco started work at Pohang there were 55,000 people in the area including 1,300 households which had to be cleared to make way for the steel works. Pohang now has a population of 155,000 and is still growing fast. Posco has got into the housing business, constructing neat western-style houses which are sold to many employees at a price of Wn4.5m. (about £5,300) with one-third of the price provided by the company as a 20-year interest-free loan, and another

third available as a low interest rate loan from a housing bank which Posco is exporting. It has also got into the leisure business. The Posco football team has won the Korean National Football League for two successive years.

The main difference between Posco and the giant Japanese steel plants on which it is modelled is that it is not, and never will be, on quite the same scale as some of the Japanese originals. Its eventual capacity of 8.5m. tons has to be compared with the 14m. ton capacity of the Fukuyama plant which is the largest in the world.

Pohang's biggest blast furnaces will fall as production becomes more competitive when Korea's second integrated site set against the 10,000-ton-plus capacity furnaces the Japanese probably some time in 1980s. Exports will probably some time in 1980s. Exports will probably some time in 1980s.

The Koreans are not, and rest of the world, spending as much to control pollution as the Japanese. It will account for great deal more than

12.7 per cent of the which Posco will be on the third stage of its expansion programme. Japanese steel makers are now devoting up to 10 per cent of their total investment in new plant to environmental protection. Korean labour is probably remain much less than Japanese labour. Posco managers admit precise figures for salaries but do say the cost account for 10 per cent of total output against roughly 25 per cent in Japan.

Steel making in Korea bear some costs which home in Japan, on the same scale. Chief reason is the high cost of depreciation of new equipment (as with the equally less recent plant in Japan the cost of servicing worth of foreign credit have had to be raised in first two phases of the expansion programme. The overall result, however, that steel costs about 10 per cent more in Korea as it does in Japan. The cost, that is, does not deal less than in any other country. Posco's production is claimed to be per man per year in Korea (according to Korean and 204 tons in the U.S. It is a limitation upon that it does not and different kinds of steel tensile steel is not produced, and the types and sizes of some of the Japanese originals. steel are fewer than its eventual capacity of 8.5m. tons has to be compared with plant. This is one reason why Korea's steel importer as well as the largest in the world, a growing exporter. Pohang's biggest blast furnaces will fall as production becomes more competitive when Korea's second integrated site set against the 10,000-ton-plus capacity furnaces the Japanese probably some time in 1980s. Exports will probably some time in 1980s. Exports will probably some time in 1980s.

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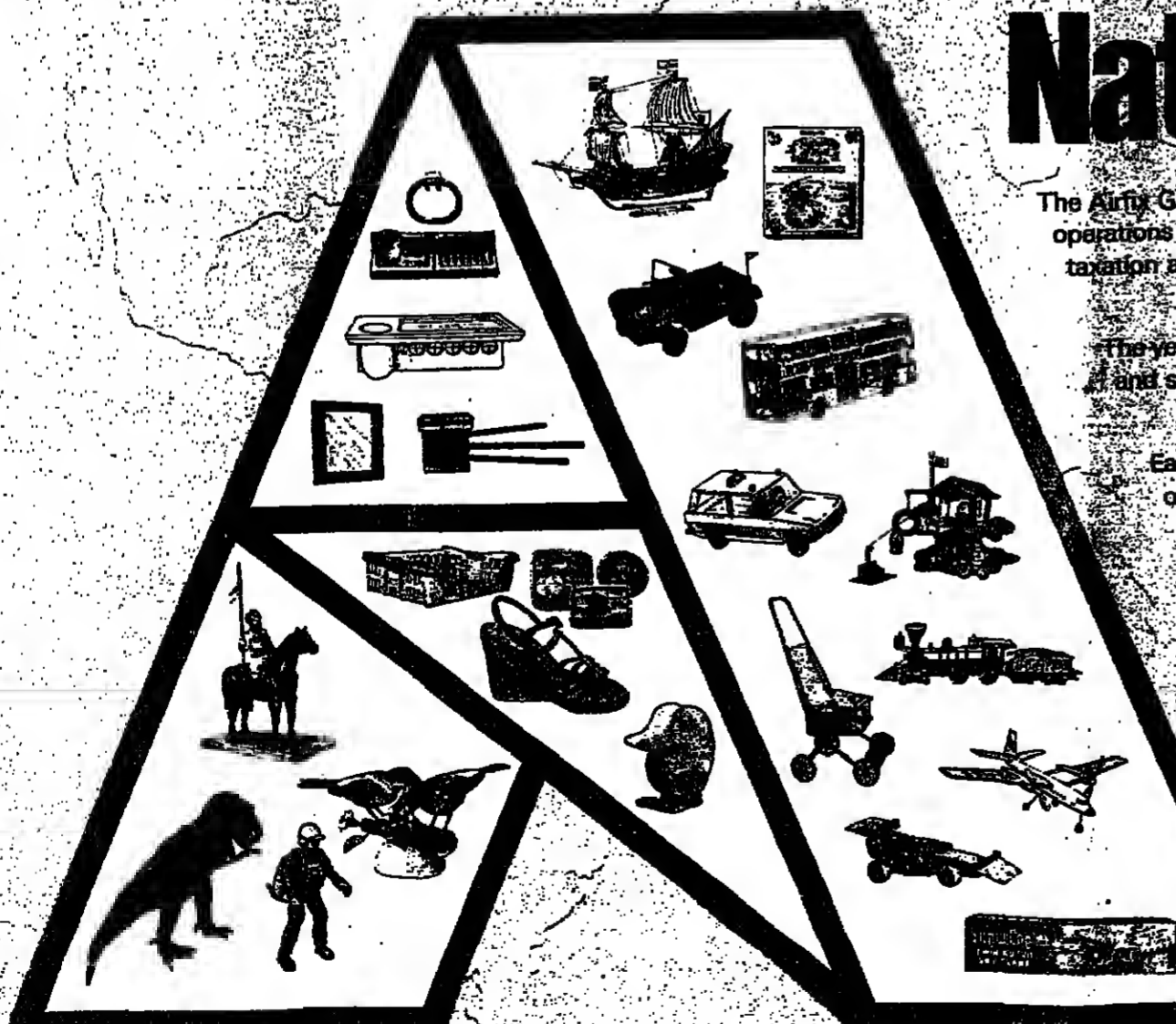
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Airfix Industries

Nationwide - Worldwide



The Airfix Group is proud to report record results for the 11th year in operations during the year ended March 31st 1977, the Group's turnover, after taxation and produced sales of more than £39,000,000.

The year was one of the busiest on record for overseas activity. Exports and sales by our overseas companies rose to a peak over £16,200,000.

Earnings per share amounted to 7.6p on the increased capital of 2,704p per share is proposed, making a total of 14.2p.

Prospects
Signs are appearing that the economy is well set to make further progress in producing products and machinery, and have a high rate of internal growth as the market improves.

In addition, the Group has a number of new acquisitions as well as giving its subsidiaries

Ralph R. M. Ehrmann

For copies of the 1977/78 Annual Report, The Company Secretary, Airfix Industries, 17 Old Court Place, London, W16.

crayons

MECCANO

Airfix Footwear

Scalecraft

Play

Triang

New Artist

AIRFIX

Dinky TOYS

Pedigree

AIRFIX

Play

Airfix P

DECLON

مكتبة لاجل

Further losses on economic fears Gold firmer

BY OUR WALL STREET CORRESPONDENT

FURTHER LOSSES were scored on Wall Street today, following the latest signs of a slower economic growth, such as the re-

Sanhos Restaurants, the most actively traded stock, was halted at \$20 after it announced it received a sizable acquisition offer.

IBM shed \$1 to \$257. Data General \$12 to \$468. Digital Equipment \$30 to \$451 and Honeywell \$1 to \$451.

(U.S. Rubber Reclaiming dropped \$2 to \$133—it ended merger talks with Chagrin Valley. Applied Digital Data gained \$1 to \$18; but Crown Zellerbach lost \$1 to \$331.)

Zenith Radio, also heavily traded, declined \$1 to \$143—it plans to halt some research services and lay off workers.

Gerber Products, which dropped its suit against Andersen, closed at \$28.15, down from \$34.15. Andersen Clayton, which eased \$1 to \$201, withdrew its offer for Gerber.

Prices were also broadly lower on the American SE, where the Market Value Index was down 0.36 at 117.97, while the trading volume decreased 41,000 shares to 11,43m, compared with 11,86m last Friday.

Rising interest rates also remain a factor in the wake of the widely-

day. The Toronto Composite Index fell 21 points and nine of the 14 sub-indices were lower, but the Golds Index jumped more than ten points in response to rising gold prices.

Canadian International Power Corp. fell \$1 to \$231 and Northern Telecom shed \$1 to \$238. Dome Petroleum at \$391, Imperial Oil at \$191, Consumers Gas at \$131, and Alcoa Aluminum at \$282 each shed \$1.

PARIS—Market eased slightly in quiet trading with political divisions in both the Government and Opposition. The CAC 40 fell 15 points to 2,311.25. Renault, which ended merger talks with Chagrin Valley, dropped \$2 to \$133. It ended merger talks with Chagrin Valley. Applied Digital Data gained \$1 to \$18; but Crown Zellerbach lost \$1 to \$331.

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BRUSSELS—Most shares were lower in fairly active trading. Coeckel, Tabora and Arbed each rose against the general trend, while Astrienne, Velle Montagne, Hoboken, Clabec and GB-Ind-BM each declined.

U.K., Canada and French shares closed, while Dutch and German issues were little changed. Lower U.S. stocks were mainly lower. Golds Index was firm.

AMSTERDAM—Market fell across a broad front in quiet conditions. Traders were reserved

ahead of today's 1978 Budget announcement.

Dutch Internationals were lower. Unilever, however, rose Ffs.03 to 153.

Transports were mixed, while Banks, most Insurances, Trading and Industrial stocks fell. Exceptions were Erania which rose Ffs.03, Ahold Ffs.04 up, and Pehkoff Ffs.05.

State Loans were slightly lower.

GERMANY—Shares lost on average up to DM2 on further information position closing and Foreign selling.

Banks led losers, with Bayer-Dieter fell DM4.

Public Authority Loans shed up to DM20, with the Regulating Authorities' activity limited to small smoothing intervention. The weaker D1900s, 10-year 6 per cent Federal Loan in trading among banks remained at 1 per cent discount. Mark Foreign Loans were barely changed.

SWITZERLAND—Market is unimpressed, following some profit taking.

Banks remained steady, apart from higher Bankgesellschaft.

Among slightly mixed Financials, Interfood and Presse-Finanz each rose.

Small losses predominated in Insurances, leading Industrials were steady, while Stores drifted lower in places.

In a quiet Foreign sector, Dollar

stocks eased. Dutch shares were irregularly lower and Germans fell.

VIENNA—Narrowly mixed in quiet trading.

MILAN—Irregularly higher in market dealings.

Generale Immobiliare fell sharply, but Coodotte D'Acquis were little changed following restriction of trading in these two shares to the Cash Market until uncertainties over a plan for sale of Coodotte to private interests as part of an Immobiliare rescue plan are clarified.

COPENHAGEN—Steady in moderate dealings.

OSLO—Industrials, Insurances and Shippings were quiet, while Banks were steady.

JOHANNESBURG—Gold shares firmer on higher bullion prices.

Financial Minings were steady to firm.

Minings were quiet and marginally higher, while Coppers were mixed.

HONG KONG—Market closed earlier in dull trading, with selling interest in Blue Chips.

Hong Kong Bank at SHK7.90 and Swire Pacific at SHK3.30 each fell 10 cents, while Hong Kong Land at SHK6.75, Hutchison at SHK3.75 and Anglo-Whitcomb at SHK2.50 each shed 2 cents.

TOKYO—Prices declined in a light volume of 170m. (250m.) shares.

Export oriented shares led the losses, amid caution on signs of a slowdown in the U.S. economy.

Toyota Motor lost Y18 to 969, Nissan Motor Y13 to 752, and Honda Motor Y8 to 630.

Exporters, such as Dai Nippon, closed mixed in quiet trading.

Among Banks, Wiles rose 2 cents to \$5.22, but ANZ fell 11 cents to \$3.33 and National shed 3 cents to \$4.22.

Investment banks gave way 20 cents to \$4.80 but Kaitiaki Investments rose 5 cents to \$4.50.

AAR eased 4 cents to \$4.85 and David Jones 3 cents to \$4.05, but Grace Brothers put on 21 cents to \$4.93.

Gold rose \$1 to \$149.150 in fairly active trading in the London bullion market yesterday.

European trading followed the upward movement in New York on Friday, and market sources suggested that this may be the result of renewed fears about the future rate of inflation in the U.S. The Kruggerand's premium over its gold content showed little change at 3.42 per cent, compared with 3.45 per cent for domestic and international delivery.

Trading was fairly quiet to the foreign exchange market, with the dollar and sterling drifting down in thin trading. The new rates in U.S. banks' prime leading rates did not have any particular beneficial influence on the dollar, while the latest cut in London interest rates probably had a depressing effect on the pound.

Morgan Guaranty's calculation of the dollar's trade-weighted depreciation since the Washington Currency Agreement of December, 1971, was 0.58 per cent, compared with 0.58 per cent on Friday.

Sterling's trade-weighted index on the basis of the Washington Agreement, as calculated by the Bank of England, eased to 82.3 at noon and in early trading.

The pound declined throughout the day in terms of the dollar, after opening at \$1.7432-1.7437. It closed at \$1.7428, a fall of 6 points on the day.

Forward sterling also declined, with the three-month pound

FRIDAYS ACTIVE STOCKS

Stock	Price	Change
Pak on Seaboard	24.70	+0.10
General Electric	28.00	+0.10
IBM	257.00	-1.00
Data General	468.00	-12.00
Digital Equipment	451.00	-1.00
Honeywell	451.00	-1.00
U.S. Rubber	133.00	-2.00
Zenith Radio	143.00	-1.00
Gerber Products	28.15	-6.00
Andersen Clayton	201.00	-1.00
IBM	257.00	-1.00
Data General	468.00	-12.00
Digital Equipment	451.00	-1.00
Honeywell	451.00	-1.00
U.S. Rubber	133.00	-2.00
Zenith Radio	143.00	-1.00
Gerber Products	28.15	-6.00
Andersen Clayton	201.00	-1.00

OTHER MARKETS

Market	Index	Change
Toronto Composite	2,311.25	-21.00
Canadian Golds Index	117.97	+10.00
Brussels CAC 40	2,311.25	-15.00
London Market Value Index	117.97	-0.36
Amsterdam	2,311.25	-15.00
Vienna	2,311.25	-15.00
Milan	2,311.25	-15.00
Copenhagen	2,311.25	-15.00
Oslo	2,311.25	-15.00
Johannesburg	2,311.25	-15.00
Hong Kong	2,311.25	-15.00
Tokyo	2,311.25	-15.00

Canada depressed

Stock	Price	Change
Bank of Montreal	28.00	-0.10
Imperial Oil	191.00	-1.00
Canadian International Power	231.00	-1.00
Northern Telecom	238.00	-1.00
Dome Petroleum	391.00	-1.00
Imperial Oil	191.00	-1.00
Consumers Gas	131.00	-1.00
Alcoa Aluminum	282.00	-1.00

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Indices

NEW YORK - DOW JONES

Index	1972	1971	1970
Industrial	1,061.70	1,061.70	1,061.70
Transport	1,061.70	1,061.70	1,061.70
Utilities	1,061.70	1,061.70	1,061.70
Trading vol.	11,430,000	11,860,000	11,860,000

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STANDARD AND POOBS

Stock	Price	Change
Standard Oil	28.00	-0.10
Phillips 66	28.00	-0.10
Amoco	28.00	-0.10
Exxon	28.00	-0.10

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OVERSEAS SHARE INFORMATION

NEW YORK

Stock	Price	Change
Amoco	28.00	-0.10
Exxon	28.00	-0.10
Phillips 66	28.00	-0.10
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Standard Oil	28.00	-0.10

GERMANY

Stock	Price	Change
Amoco	28.00	-0.10
Exxon	28.00	-0.10
Phillips 66	28.00	-0.10
Standard Oil	28.00	-0.10

TOKYO

Stock	Price	Change
Amoco	28.00	-0.10
Exxon	28.00	-0.10
Phillips 66	28.00	-0.10
Standard Oil	28.00	-0.10

AUSTRALIA

Stock	Price	Change
Amoco	28.00	-0.10
Exxon	28.00	-0.10
Phillips 66	28.00	-0.10
Standard Oil	28.00	-0.10

MARKET

LEAD AND RAW MATERIALS

Lead and tin head rise in base metal prices

By JOHN EDWARDS, COMMODITIES EDITOR

LEAD AND tin paved the way for a general rise in prices on the London Metal Exchange yesterday. Lead was particularly buoyant. Cash lead closed at £241.5 a tonne and three months lead was more than £10 higher at £246.25, after trading at £231 when some profit-taking came in.

One reason for the surge in lead prices was reported to be a major institutional buyer deciding to switch out of copper and tin into lead. The latest estimates, issued by the International Lead and Zinc Study Group after last week's Geneva meeting appear to confirm that the lead supply-demand position is finely balanced. The group said lead metal consumption was expected to rise this year to 3.7m. tonnes - close to its highest ever level - and would marginally outstrip production estimated at a record 3.64m. tonnes.

Since stocks are reported to be low, LME traders feel prices will take off again, as they did last year, should any sustained trade deficit emerge. Bullish sentiment has also returned to the tin market, after the recent nervousness over the U.S. stockpile policy announcement which threw out to be a damp squib. London prices, encouraged by a rise in the Penang market at the weekend, opened higher and went further ahead on the late kerb on U.S. buying interest.

Three months standards grade tin closed £80 up on Friday at £8,377.5 a tonne, but traded at more than £8,400 in subsequent dealings. Cash tin closed at £87.5 up at £800 while high grade cash tin gained £15 to £8.495.

Copper also managed to gain ground, despite some heavy selling during the day which wiped out early increases. The upward trend was encouraged by the rise in gold and silver, as well as in lead and tin. Reports of Chinese buying below £100 have helped market sentiment, although the purchase was thought to have totalled 30,000 tonnes at the most.

The LME zinc market remains highly nervous. Profit-taking sales quickly eroded early gains and prices closed only marginally higher.

Go-slow halts tea shipments

By Our Own Correspondent

CALCUTTA, Sept. 19. TEA SHIPMENTS from Calcutta Port have virtually halted because of the go-slow by workers to the city's 52 warehouses. The go-slow, which started on September 9, is so complete that not a single chest is said to have moved from the warehouses in the past few days. Several loaders for U.K. and Middle East destinations are having to wait to take cargo.

The port Shramik Union, which has organised the go-slow, has demanded for better conditions for the warehouse workers. It is apparent that a satisfactory settlement is determined. Meanwhile arrivals of tea from upcountry are beginning to cause a storage problem.

At yesterday's London tea auction prices for the main grades were little changed. Medium quality tea was 104p a kilo. Plain tea for Birmingham North India was 40p a kilo. Quality tea was 40p cheaper at 180p a kilo.

The International Lead and Zinc Study Group, which advanced its meeting by about two months because of the deteriorating situation in the zinc market, predicted that zinc consumption this year would be about 4.3m tonnes, less than 1 per cent higher than last year, but rise by 2 per cent next year.

Production this year is expected to be 4.2m tonnes. It was noted that the zinc production estimate was based on producers keeping output at the reduced 1976/77 levels. It is expected that a European producer price will be avoided. The study group decided to hold a special meeting of its standing committee in January to review the statistics.

There was a smaller expected rise in copper stocks held in LME warehouses, with the total rising only 825 tonnes to 611,550 tonnes. The fall of tin stocks, down to 419,100 tonnes, was slightly greater than forecast.

Zinc stocks declined by 1,000 to 72,325 tonnes. Lead was unchanged at 61,150 tonnes. LME inventory holdings rose 220,000 to 19,130,000 ounces.

Animal feed prices cut again

By OUR COMMODITIES STAFF

BRITAIN'S leading animal feed manufacturers have cut their prices for a number of feedstuffs on Friday. Spillers, BOC31, Silcock and most of the other compounders quickly followed suit at the week-end.

Mad-up feed ready to be fed straight from the sack has fallen £2-44 a tonne on average. The protein-rich concentrate which farmers usually mix with their own stored feed or feeding wheat are £10-415 a tonne cheaper.

The cuts followed the continued decline in the price of American soyabean, the main source of protein in stockfeed, which has averaged about £100 down £2-44 a tonne on average.

Although there is now a feeling that the soyabean price has hit bottom, there may be room for further reduction in feed prices as a result of the slide in the barley and feeding wheat markets.

The spot price for feed barley has fallen about £10 a tonne lower than at this time last year. In the shorter term, makers may be prompted into making further price cuts to keep up their volume of trade in a shrinking feed market.

The national pig and cattle herds are still shrinking, although an increase in numbers is expected early in the new year.

The cuts will be particularly popular among pig farmers, to whom they will be worth as much as a pig-and egg and poultry producer who rely on feeds with high protein content.

Buyers in bowlers under scrutiny

By CHRISTOPHER PARKES

Helped by the Social Science Research Council, this team recently interviewed some 200 East Anglian farmers, half of whom have no more than 100 acres. Most were hostile to the institutional farmers and their agents, and many blamed the institutions for land price inflation.

Some of the most vocal opponents of the new buyers seemed to be those who knew least about their activities. Written in a journal produced yesterday by one of the main land management companies, the set of investigations concludes that the "threat of an offshoot of the landowner movement."

It is important to remember, however, that these "averages" are calculated in only that tiny fraction 1/15 to 2 per cent of the country's farmable acreage which is sold each year. There is also bound to be further distortion from the fact that the land-changing hands is mostly best-quality.

The Country Landowners' Association asserts that one-third of all land being sold is going to the institutions—a possibly significant proportion of not a massive quantity.

For the moment, though, the City is far from being a majority shareholder in U.K. farming. A group of sociology professors and lecturers working on just this problem report: "We estimate that approximately 1.5 per cent of farm land in England and Wales is now owned by the hullest said.

Supplies of rape, cottonseed, sunflower seed and linseed were also higher in the current farm year, but output of copra and palm kernels had decreased.

The higher oilseed harvest would raise the availability of nialakes to 75m-78m tonnes from last year's 68m, of which soyabeanmeal would account for 50m, 143m, 1 and continued for 50m, the

Israel will fly grapefruit to Europe

By Our Own Correspondent

TEL AVIV, Sept. 19. ISRAEL will airlift 40,000 to 50,000 cases of early ripening grapefruit to Europe in the next fortnight. The fruit will be packed in specially designed crates and shipped by air to Europe.

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Record world oilseed crop forecast

HAMBURG, Sept. 19.

THE WORLD oilseed crop in 1977-78 will be at least 15m. tonnes higher than last year at a record 155m to 160m tonnes, according to Alfred C. Toepfer's monthly bulletin.

The increase would stem chiefly from the expected rise to nearly 45m tonnes from 34m in the U.S. soyabean harvest. The world total was likely to rise 11m tonnes to 72m, the

bulletin said. Supplies of rape, cottonseed, sunflower seed and linseed were also higher in the current farm year, but output of copra and palm kernels had decreased.

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bulletin said. Supplies of rape, cottonseed, sunflower seed and linseed were also higher in the current farm year, but output of copra and palm kernels had decreased.

and cold her kills lambs

LINGTON, Sept. 19. A cold in New Zealand killed hundreds of lambs intended for the Christmas market, according to a spokesman for the New Zealand Meat Producers' Board.

Farmers have also suffered heavy losses because of lack of rain in the South Island. The local MP, said, "It was a disaster area for farmers face ruin."

Industry sources attribute the poor crop to a severe drought which affected major agricultural areas for the past three years.

Jamaican sugar setback

KINGSTON, Sept. 19.

But the situation was aggravated by unusually heavy rains earlier this year which reduced the sugar crop. The low production is not, however, expected to affect Jamaica's major export commitments.

Officials say Jamaica's exports of 120,000 tons to the EEC under the Lome Convention will be good as weather has been ideal. Unofficial projections are for production close to 400,000 tons.

India seeks cotton crop boost

NEW DELHI, Sept. 19. INDIA'S Agriculture Ministry plans to increase the acreage under cotton to produce at least 7m. bales in 1977-78, about five per cent more than last year when substantial imports were required to meet demand.

The Ministry has formulated a strategy to increase acreage in irrigated and ood-irrigated areas by using high-yielding seeds. It plans to encourage double cropping for cotton in areas which grow a single paddy crop.

The Government has decided to raise the budgetary allocation for the intensive cotton development programme. The reason is that cotton is among the country's leading cash crops. It occupies 5 per cent of the cropped area and sustains the textile industry, the largest in the country.

Australian wheat crop estimated

MELBOURNE, Sept. 19.

THE AUSTRALIAN Wheat Board expects the 1977-78 wheat crop to reach about 12m. tonnes. Board chairman Mr. Jack Cass said to a statement.

The forecast, the first to be made by the Board this season, compares with a 1976-77 crop of 11.5m. tonnes and is in line with local trade estimates.

U.S. coffee roasting

NEW YORK, Sept. 19. GORDON PATON reports that green coffee roasted to the U.S. up to September 10, this year, including that used for soluble production, fell 29 per cent to 5.86m. bags from 12.94m. in the same period of last year.

Coffee roasted in the week to September 10 was 70.7 per cent of that roasted in the same week last year.

This is consistent with a decline in 1976-77 comparative weekly roasting rates, but shows some increase from the 66.2 per cent for the week in September 3 and indicates the highest net roasting for any week since May 14.

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COMMODITY MARKET REPORTS AND PRICES

METALS table with columns for Metal, Price, and Change. Includes items like Copper, Lead, Tin, Zinc, and Silver.

GRAINS table with columns for Grain, Price, and Change. Includes items like Wheat, Barley, and Oats.

COFFEE table with columns for Coffee, Price, and Change. Includes items like Arabica and Robusta.

RUBBER table with columns for Rubber, Price, and Change. Includes items like Smoked Sheet and Smoked Lumps.

SOYABEAN MEAL table with columns for Soyabean Meal, Price, and Change. Includes items like 48% and 50% protein.

SUGAR table with columns for Sugar, Price, and Change. Includes items like Raw Sugar and White Sugar.

WHEAT table with columns for Wheat, Price, and Change. Includes items like Hard Red Winter and Soft Red Winter.

BARLEY table with columns for Barley, Price, and Change. Includes items like Malt and Feed.

OATS table with columns for Oats, Price, and Change. Includes items like White and Red.

RYE table with columns for Rye, Price, and Change. Includes items like Hard and Soft.

TRITICALE table with columns for Triticale, Price, and Change. Includes items like Hard and Soft.

WHEAT FLOUR table with columns for Wheat Flour, Price, and Change. Includes items like Hard Red and Soft Red.

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PRICE CHANGES

Table showing price changes for various commodities like Metals, Grains, and Oils.

PERSONAL

Table listing personal items and their prices, such as various types of flour and sugar.

COCOA

Table showing cocoa prices for different grades and origins.

WHEAT FLOUR

Table showing wheat flour prices for various types and weights.

WHEAT FLOUR

Table showing wheat flour prices for various types and weights.

INDIA

Table showing commodity prices for India, including various types of rice and oil.

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Advertisement for 'OUR LAST TWO WEEKS TO MAKE COMMODITY INVESTMENT OF 1977' with details on commodity charts and investment opportunities.

Advertisement for 'PERSONAL' services, including financial planning and investment advice.

Advertisement for 'FINANCIAL TIMES' featuring a table of market data and a list of commodity prices.

Advertisement for 'MOODY'S' providing information on credit ratings and financial services.

STOCK EXCHANGE REPORT

Widespread sharp falls on increased profit-taking

Index down 15 at 516.9 after 512.1—Gilt falls to £1 1/2

Account Dealing Dates
*First Declara- Last Account
Dealings Dates Dealings Day
Sep. 15 Sep. 15 Sep. 27
Sep. 19 Sep. 20 Sep. 30 Oct. 11
Oct. 3 Oct. 13 Oct. 14 Oct. 25
*New times deals may take
less than 15 m. to business day earlier.

Widespread sharp falls occurred in stock markets yesterday—the first day of a new Account—on marking down by jobbers and nervous profit-taking. Rising sterling and falling interest rates, the recent strong upsurge, looking to be in slight danger with sterling yesterday showing the effects of small selling, mainly on the differential between U.K. and U.S. short-term interest rates following their recent divergent trends. British Funds had their first real opening for several weeks, with the FT 30 share index down 15 at 516.9 after 512.1 at the close. The Government Securities index, which on Friday was standing at a 64-month high, fell 11.11 per cent. for seven months, but will still show a rise of nearly 11 per cent. over the past eight weeks.

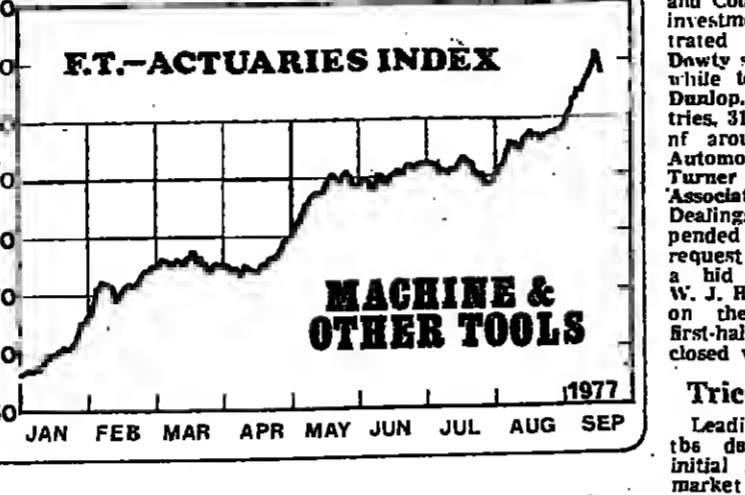
edged and although quotations staged a rally in the afternoon, they were heading lower again in the afternoon. Losses, which had extended to two points in the first hour of trading, were thus reaching towards that amount again late. Week-end Press views that the Government could be contemplating a reflationary package gave yesterday's shake-out impetus, but was not the prime cause of the fall. The current level of interest rates compared with rising U.S. rates was another factor arousing debate. Dealers took action to avoid stock immediately, but still found it necessary to moderate in relation to the size of recent buying. The recently re-subscribed Treasury 12 per cent. 1985, issue closed 12 1/2 at 31.2, but as an 11 1/2 in the afternoon. Late in the evening, the shorter-dated, Exchequer 12 1/2 per cent. 1981, fell 1/2 point to 11 1/2; sentiment at this end of the market continued to be affected by last Friday's unexpected announcement of a new short-term issue. Corporations were rarely more than 1/2 easier, apart from recently-issued loans such as Biltmore 10 per cent. 1982, which fell 1/2 point to 11 1/2. News of the £100 million issue of 11 1/2 per cent. 1983, stock had little impact.

Widespread and some times substantial losses in secondary issues included Pepler Hattersley, 192p, and Renold, 148p, both down 8. Davy International gave up 7 to 388p and Avey's were 6 cheaper at 186p. Expanded Metal, 7 lower at 66p, reflected the fall in the first half. Many had new fresh contracts worth about £2m, failed to help North Hall, which fell 4 to 197p. Against the trend favourable week-end Press mention stimulated buying of Teesdale, 31 1/2 to 110p, while Johnsons and Firth Brown hardened a penny to 65p on the annual results. Rowntree Mackintosh remained

FINANCIAL TIMES STOCK INDEX

	Sept. 19	Sept. 15	Sept. 16	Sept. 17	Sept. 18	Sept. 19
Government Secs	74.99	75.70	75.66	74.85	74.16	73.86
Fixed Interest	75.06	75.17	74.99	74.11	73.63	73.13
Industrial Ordinary	516.9	516.9	514.9	509.2	503.7	502.4
Total Index	135.1	134.0	130.0	129.2	128.0	127.4
Ind. Ord. Yield	5.10	4.27	4.86	4.82	4.99	5.02
Balancing Yield (Full)	15.21	14.89	14.50	14.38	14.73	15.04
1000 Govt. Secs	6.48	6.70	6.91	10.06	6.77	6.57
Unit Trusts	7.77	7.77	7.71	8.14	6.47	7.48
Equity Income	151.01	144.62	148.96	140.98	137.59	136.58
Equity Income Total	81.25	82.04	82.65	81.37	80.58	80.58

Overshadowed by events elsewhere, the investment currency market had an uneventful day and the premium drifted back to one pence, before steady to close at 100.00. The conversion factor was 0.7833 (0.7849).



Witmot-Bredden remained in the spotlight, losing 3 1/2 to 86p, following the announcement that Dr. Macdonald's shareholding had been reduced to 10 per cent. by the company. A long-term investment, news which frustrated recent bid speculators. Dwyer stood out at 185p, down 7, while losses of 5 were seen in Dunlop, 314p, and Lucas Industries, 318p. Slightly smaller falls of around 4 were recorded by Automotive Products, 108p, Turner Manufacturing, 100p, and Associated Engineering, 132p. Dealings in Honchar were suspended at 132p at the company's request pending the outcome of a bid approach. Apart from W. J. Reynolds, 24 harder at 129p, the substantially improved first-half profits. Distributors closed with little alteration.

HIGHS AND LOWS

	1977	1976	1975	1974	1973	1972
Govt. Secs	75.70	64.05	127.4	49.15	41.15	31.7
Fixed Int.	75.17	60.44	134.4	50.53	41.15	31.7
Ind. Ord.	516.9	516.9	514.9	509.2	503.7	502.4
Govt. Secs	157.4	148.1	148.1	148.1	148.1	148.1

Discounts up further
Discounts continued to move against the pound with further buying interest being engendered by favourable week-end Press mention. Gilett Bros. improved 5 to 23 1/2p and Cater Ryder were similarly better at 240p. On the other hand, Banks' issues continued downwards, Oldland, 220p, and National Westminster, 250p, both reacted 8, while Lloyd's gave up 6 at 230p. Bank of Scotland also lost 25p to 255p. From the day's interim results, among H.P.'s, reviled bid talk left Lloyd's and Scottish 1 dealer at 107p.

unsettled and fell 16 further to 380p on small selling in front of to-morrow's interim figures. Associated Dairies ended 6 off at 332p, while losses of 5 were seen in Park Farms, 308p, and Linford, 345p. United Biscuits finished 6 cheaper at 183p after the chairman's view on prospects, which accompanied the interim figures. Against the trend, Highgate and Job moved up 4 to 61p in a thin market.

Tricentrol react
Leading Oils rallied well from the day's lowest because the initial falls had reflected more market activity than actual selling. British Petroleum ended 4 off at 818p, after 912p, while the partly-paid shares closed 5 lower at 380p, after 372p. Shell were only 3 easier at 609p, while Royal Dutch gave up 3 at 540p. Despite good first-half profits from Tricentrol, more note was taken of the second-half warning and the shares declined 6 to 188p. Elsewhere, Stearns (U.K.) lost 10 to 318p, while LASMO Ordinary fell 6 to 182p.

ACTIVE STOCKS

Stock	Denom.	Closing	Change	1977
GKN	£1	314	-25	349
ICI	£1	423	-11	446
Grand Met.	50p	14	-2	102
Shell Transport	25p	12	6	633
Tarmac	50p	12	6	226
Tube Invs.	£1	12	4	438
Commercial Union	25p	11	4	156
Glaxo	50p	11	6	667
Marks & Spencer	25p	11	5	286
BP	£1	10	8	866
BP (Partly-paid)	£1	10	8	400
Burmah Oil	£1	10	6	83
GUS "A"	25p	10	3	317
BATs Defd.	25p	8	7	290
Beecham	25p	8	6	660

Setback in Gilts
A technical reaction, considered overdue in most quarters, trimmed the recent sharp gains in Gilts.

Glaxo fall
Glaxo led the rout in the miscellaneous industrial leaders with a loss of 16 to 630p, after 624p, but Beecham followed closely with a decline of 15 to 680p, after 697p. Reckitt and Colman, still on recent poor interim results, lost 12 to 410p. Small declines preponderated among secondary issues, but there were a few firm spots. Johnsons' Cleaners added a penny gain at 30 1/2p in response to week-end Press comment. B. Sunley, however, lost 7 to 178p on profit-taking.

Paterson Zochonis were quoted ex scrip issue, the Ordinary and "A" both closing 15 cheaper at 215p and 210p respectively, in Overseas Traders.

NEW HIGHS AND LOWS FOR 1977

Stock	High	Low
British Petroleum	912	372
Shell	609	372
Royal Dutch	540	372
Associated Dairies	332	372
Linford	345	372
United Biscuits	183	372
Highgate	61	372
Job	61	372
British Petroleum (partly-paid)	380	372
Shell (partly-paid)	372	372
Royal Dutch (partly-paid)	372	372
Associated Dairies (partly-paid)	372	372
Linford (partly-paid)	372	372
United Biscuits (partly-paid)	372	372
Highgate (partly-paid)	372	372
Job (partly-paid)	372	372

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET

COLISEUM, 01-240 2528
Russetina's Opus, 7.30, 8.00, 8.30
ENGLISH NATIONAL OPERA
Macbeth, 7.30, 8.00, 8.30
LONDON THEATRE
The Merchant of Venice, 7.30, 8.00, 8.30

THEATRES

QUEEN OF YORK, 01-836 8122
The Merry Wives of Windsor
ELECTRIC, 01-836 8122
The Merry Wives of Windsor
LONDON THEATRE, 01-836 8122
The Merchant of Venice

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ELECTRIC, 01-836 8122
The Merry Wives of Windsor
LONDON THEATRE, 01-836 8122
The Merchant of Venice

RECENT ISSUES

EQUITIES

Stock	1977	1976	1975	1974	1973	1972
BP	818	780	750	720	690	660
Shell	609	580	550	520	490	460
Royal Dutch	540	510	480	450	420	390

FIXED INTEREST STOCKS

Stock	1977	1976	1975	1974	1973	1972
Government Secs	75.70	75.17	74.99	74.11	73.63	73.13
Industrial Ordinary	516.9	516.9	514.9	509.2	503.7	502.4

"RIGHTS" OFFERS

Stock	1977	1976	1975	1974	1973	1972
BP	818	780	750	720	690	660
Shell	609	580	550	520	490	460

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

Group	Mon. Sept. 19, 1977	Wed. Sept. 14, 1977	Wed. Sept. 14, 1977	Wed. Sept. 14, 1977
1 CAPITAL GOODS (70)	215.67	-2.6	15.96	5.22
2 Building Materials (28)	197.17	-1.7	15.96	5.22
3 Contracting, Construction (25)	333.25	-1.7	16.27	3.67
4 Electricals (16)	453.24	-2.1	13.30	3.71
5 Engineering (Heavy) (10)	310.51	-3.2	19.99	5.96
6 Engineering (General) (67)	172.82	-3.8	23.99	6.72
7 Machine and Other Tools (9)	107.28	-3.4	20.62	5.98
8 Miscellaneous (19)	169.05	-2.1	16.08	6.96

FIXED INTEREST YIELDS

British Government	Mon. Sept. 19, 1977	Day's change	2nd Oct. to Day	2nd Oct. to Day	10/11/77	5 years	10 years	15 years	20 years
1 Under 5 years	110.03	-0.82	-6.64	5.89	8.28	6.28	6.72	7.16	7.60
2 5-15 years	124.44	-1.38	-6.69	6.08	11.09	6.72	7.16	7.60	8.04
3 Over 15 years	124.02	-1.53	-6.88	6.27	11.59	6.72	7.16	7.60	8.04
4 Irredeemables	139.27	-1.74	-6.92	6.27	12.22	6.72	7.16	7.60	8.04
5 All stocks	117.86	-1.22	-7.36	6.10	12.22	6.72	7.16	7.60	8.04

AUTHORISED UNIT TRUSTS

Table of authorised unit trusts with columns for name, manager, and performance data.

BASE LENDING RATES table listing various banks and their interest rates.

Table of unit trusts with columns for name, manager, and performance data.

Stock Exchange Investor? Interest in the Far East or Europe? Our particular addition...

Table of unit trusts with columns for name, manager, and performance data.

OFFSHORE AND OVERSEAS FUNDS

Table of offshore and overseas funds with columns for name, manager, and performance data.

INSURANCE, PROPERTY, BONDS

Table of insurance, property, and bond products with columns for name, manager, and performance data.

CLIVE INVESTMENTS LIMITED advertisement with contact information and services.

INSURANCE BASE RATES advertisement with contact information and services.

FT SHARE INFORMATION SERVICE

AMERICANS—Continued

BUILDING INDUSTRY—Cont.

DRAPERY AND STORES—Cont.

ENGINEERING—Continued

INDUSTRIALS (Miscel.)

Factoring means GUARANTEED PAYMENT! Interested? Talk to INTERNATIONAL FACTORS LIMITED

BRITISH FUNDS

Table of British Funds with columns for High/Low, Stock, Div. Yield, and Conversion factor 0.7833 (0.7849)

Over Fifteen Years

Table of funds with performance over 15 years, including columns for High/Low, Stock, Div. Yield, and Conversion factor

Five to Fifteen Years

Table of funds with performance over 5-15 years, including columns for High/Low, Stock, Div. Yield, and Conversion factor

Uncollected

Table of funds with uncollected status, including columns for High/Low, Stock, Div. Yield, and Conversion factor

INTERNATIONAL BANK

Table of International Bank funds, including columns for High/Low, Stock, Div. Yield, and Conversion factor

CORPORATION LOANS

Table of Corporation Loans, including columns for High/Low, Stock, Div. Yield, and Conversion factor

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans, including columns for High/Low, Stock, Div. Yield, and Conversion factor

LOANS (Miscel.)

Table of Miscellaneous Loans, including columns for High/Low, Stock, Div. Yield, and Conversion factor

Table of American stocks including General Electric, IBM, and Ford

Table of Canadian stocks including Alcan, Inco, and Northern Copper

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase companies including ANZ, HSBC, and Citibank

BEERS, WINES AND SPIRITS

Table of Beers, Wines, and Spirits including Carlsberg, Heineken, and J & B

AMERICANS

Table of American stocks including IBM, General Electric, and Ford

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber, and Roads including ABC, B&B, and C&D

Table of Drapery and Stores including J. W. & J., and J. & J.

Table of Engineering companies including B&W, and J & S

ELECTRICAL AND RADIO

Table of Electrical and Radio companies including A.R. & S., and J & K

CHEMICALS, PLASTICS

Table of Chemicals and Plastics including ICI, and J & L

ENGINEERING, MACHINE TOOLS

Table of Engineering and Machine Tools including J & M, and N & O

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres, and TV including ABC, and J & K

DRAPERY AND STORES

Table of Drapery and Stores including J & W, and J & J

Table of Industrial stocks including ICI, and J & K

Table of Industrial stocks including ICI, and J & K

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. including J & S, and J & K

ENGINEERING, MACHINE TOOLS

Table of Engineering and Machine Tools including J & M, and N & O

HOTELS AND CATERERS

Table of Hotels and Caterers including J & K, and J & L

AMERICANS

Table of American stocks including IBM, General Electric, and Ford

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber, and Roads including ABC, and J & K

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INSURANCE—Continued

Table of insurance companies and their stock prices, including entries like 'The London Assurance Co.', 'The Overseas Assurance Co.', etc.

PROPERTY—Continued

Table of property-related companies and their stock prices, including entries like 'The Property Investment Co.', 'The Real Estate Development Co.', etc.

TRUSTS—Continued

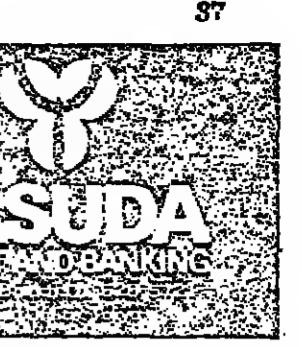
Table of trusts and their stock prices, including entries like 'The Trust Investment Co.', 'The Real Estate Trust Co.', etc.

TRUSTS—Continued

Table of trusts and their stock prices, including entries like 'The Trust Investment Co.', 'The Real Estate Trust Co.', etc.

TRUSTS—Continued

Table of trusts and their stock prices, including entries like 'The Trust Investment Co.', 'The Real Estate Trust Co.', etc.



MINES—Continued

Table of mines and their stock prices, including entries like 'The Central African Mines Co.', 'The Australian Mines Co.', etc.

AUSTRALIAN

Table of Australian mines and their stock prices, including entries like 'The Australian Mines Co.', 'The Australian Resources Co.', etc.

FINES

Table of fines and their stock prices, including entries like 'The Fines Investment Co.', 'The Fines Resources Co.', etc.

COPPER

Table of copper mines and their stock prices, including entries like 'The Copper Mines Co.', 'The Copper Resources Co.', etc.

MISCELLANEOUS

Table of miscellaneous companies and their stock prices, including entries like 'The Miscellaneous Investment Co.', 'The Miscellaneous Resources Co.', etc.

NOTES

Notes section containing various financial notices, including information about dividends, interest rates, and company announcements.

INSURANCE

Table of insurance companies and their stock prices, including entries like 'The London Assurance Co.', 'The Overseas Assurance Co.', etc.

PROPERTY

Table of property-related companies and their stock prices, including entries like 'The Property Investment Co.', 'The Real Estate Development Co.', etc.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related companies and their stock prices, including entries like 'The Trust Investment Co.', 'The Real Estate Trust Co.', etc.

FINANCE, LAND, ETC.

Table of finance, land, and other companies and their stock prices, including entries like 'The Finance Investment Co.', 'The Land Development Co.', etc.

G.F.S.

Table of G.F.S. companies and their stock prices, including entries like 'The G.F.S. Investment Co.', 'The G.F.S. Resources Co.', etc.

DIAMOND AND PLATINUM

Table of diamond and platinum companies and their stock prices, including entries like 'The Diamond Investment Co.', 'The Platinum Resources Co.', etc.

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REGIONAL MARKETS

Table of regional markets and their stock prices, including entries like 'The Regional Investment Co.', 'The Regional Resources Co.', etc.

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Table of options and their stock prices, including entries like 'The Options Investment Co.', 'The Options Resources Co.', etc.

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Italian unions seek ban on State company sale

BY PAUL BETTS

ROME, Sept. 19

THE ITALIAN trade unions have threatened to break off all relations with the Government if Italy's State holding company, Istituto per la Ricostruzione Industriale (IRI), decides to go ahead with the sale of its profitable engineering subsidiary, Condotte d'Aqua, to private interests.

This virtual declaration of war after a truce lasting nearly six months between Government and trade unions came today only hours before the IRI Board was scheduled to meet to decide on the sale of the engineering group.

The trade union threat follows reported pledges by Sicilio Andreotti, the Italian Prime Minister, during a Government-union summit last week that the IRI subsidiary would not be sold to foreign private interests.

However, since the Prime Minister's announcement, Antonio Bisaglia, the Italian Minister of State Participation, has indicated that he personally favoured the sale.

Both IRI and Sig. Loris Corbi, the chairman of Condotte d'Aqua, also indicated that they intended to proceed with the sale. IRI stressed that it has so far not been "officially" informed by the Prime Minister of his pledge to the unions, while Sig. Corbi said he found the situation "amazing."

Sig. Corbi is understood to have immediately flown to Houston, Texas, after the Premier's announcement for talks with the chief negotiator of the Condotte sale, Mr. John Connolly, the former U.S. Treasury Secretary.

The IRI Board meeting, tonight is likely to be crucial since basically the State holding company appears to have little choice between a show-down with the Prime Minister and the unions or to scrap the sale.

The latter would provoke, according to IRI sources, a

major internal controversy at a time when the company has been stressing the need to give its managers more responsibility and authority.

Earlier this year, IRI started a series of management reorganisations in other State-controlled groups as a result of the growing frustration of top management staff at what they called "political interference" in the running of State groups.

This was at a time when these key economic sectors were facing chronic financial problems.

Both the unions and the country's Left-wing forces are opposing the Condotte d'Aqua sale not so much because it is an unprecedented event in the

recent industrial history of the country, but because of their doubts over the nature of the prospective buyers.

Sig. Corbi has repeatedly indicated that he had settled the sale, which now hinges only on Government approval. He described the prospective buyer only as an Italo-American group.

The sale of Condotte is linked directly with the salvage of Italy's largest construction and engineering group, Societa Generale Immobiliare (SGI), which is at present crippled by accumulated losses of £500m.

The sale of Condotte is mainly attributed to the management of the controversial engineering, Sig. Michele Sindona.

Sig. Sindona, now living in the U.S., is currently fighting extradition proceedings by the Italian authorities.

Condotte, once private, so the SGI salvage plan runs, would subscribe to an SGI capital increase and become the majority shareholder in the troubled company. An SGI collapse, on the other hand, could precipitate an Italian banking crisis, given the extent of banking credits to the former Sindona empire.

Union and Left-wing opposition first erupted when Mr. John Connolly was mentioned as the probable negotiator of the sale. Mr. Connolly, according to reports here, has links with Sig. Sindona and this, according to the anti-republican Party, would make the Condotte sale "unacceptable."

Although Sig. Corbi has said that Sig. Sindona was not involved in the affair, there is speculation that the real buyers of Condotte are a Saudi Arabian group.

If this were so, the fusion of Condotte, currently working on a U.S.\$1.5bn. contract in Iran to build a port at Bandar Abbas, and a Saudi group could make the two companies potentially a major force in the Middle East construction field.

Following hectic speculation in Condotte and SGI shares during the past week on the Milan Bourse, the Italian national commission on companies and the house stopped all dealings in the two shares except for cash transactions, as from today.

SGI share prices declined by 6 per cent on the Milan Stock Exchange today, while Condotte margins increased.

To-night the Italian main trade union confederation sent a letter to the Prime Minister, warning of the consequences of the Condotte sale. According to the trade unions, Condotte should not be used for the SGI salvage operation.

"We do not want to see a dead duck bailed out by the sale of one of the country's few profitable State concerns," one leading trade union leader said tonight.

Miners vote to go ahead with talks on productivity

BY ALAN PIKE, LABOUR CORRESPONDENT

THE CHANCES that moderate miners' leaders will be able to use National Coal Board productivity proposals to modify pit pay demands this winter took a delicate step forward yesterday.

Union negotiators agreed to continue with detailed discussions on the Board's proposals and, provided these are successful, the National Union of Mine-workers' executive will next month be urged to put the productivity scheme to a pithead ballot.

Mr. Joe Gormley, NUM president, said he was "pretty confident" that the negotiators would be able to recommend a scheme.

Yesterday's joint negotiating committee meeting voted 8-4 in favour of going ahead with talks on the productivity scheme and by the same margin defeated an attempt by Mr. Arthur Scargill, Left-wing Yorkshire area president, to submit a Phase Two-breaking pay claim for new rates of up to £135 per week immediately.

Bitter

The NUM conference in July voted to "seek to achieve" the pay increases, involving a virtual doubling of existing rates, from the union's traditional settlement date of November—although under the 12-month rule the miners are not entitled to a further increase until March.

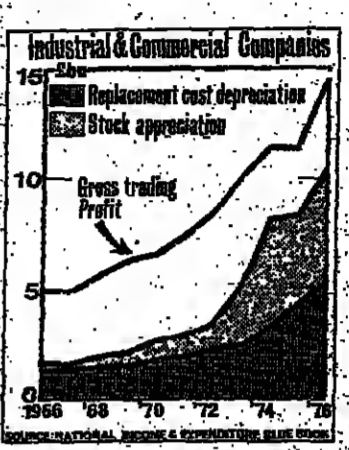
A moderate strategy to reduce pressure on the pay claim by offering members productivity increases of up to £20 per week or more is in vogue, which the conference narrowly defeated a motion calling for the immediate implementation of a meaningful incentive scheme.

However, supporters of the

The outlook for profits growth

THE LEX COLUMN

Index fell 15.0 to 516.9



By mid-morning yesterday, the FT Industrial Ordinary share index had collapsed by nearly 20 points, and though the market closed above its worst, both equities and gilt-edged stock suffered their sharpest setback for over six months.

Following last week's massive oversubscription, the premium on Treasury 12 per cent, 1995 was clipped from Friday's peak of 23½ to just 21, while on the foreign exchange the pound was weaker, and six-month sterling went to a discount against the dollar once again.

After the recent sharp rise in both equities and gilt-edged prices, some sort of technical reaction was long overdue and the bad news from CKN last Friday night only exacerbated the situation.

But while the profitability of the engineering sector may be less than anticipated, analysts generally do not seem to think that there is any need for a fundamental rethink of their current year-profit forecasts for the corporate sector as a whole.

The impact of last year's stock profits on company earnings has not been fully appreciated by many investors and the current slowdown in stock appreciation is the major reason for the markedly slower growth in rate for company profits this year. As it is Philips and Drew is sticking to its forecast, it is 20 per cent growth in published profits and De Zoete are going for only slightly less.

By contrast there is considerably less agreement about the outlook for growth in 1978. P and D are revising their forecast down to around 15 per cent, mainly because of a slowdown in export growth and the sluggish outlook for many overseas economies. However, both De Zoete and Wood Mackenzie are going for 1978 growth rates of well over 20 per cent.

the swap as a liability may be offset against assets when it comes to netting earnings and FASB-8 accounting in a U.K. company, which flush with sterling but with the currency swap, relatively simple with the pastures of North America. Within the space of these transactions, an estimate built up in rate of \$500m. To apparent fascination, companies still have assets, there could be some.

United Discards

United Discards is an enthusiastic about the half of 1977—so May be greater, however, than last year—but the picture is not so clear-cut. A U.K. company agrees to offer a U.S. counterpart an amount of sterling in exchange for dollars—and to take it back again after a period, normally of ten years. Whereas a back-to-back loan can indicate a company's balance sheet and has an adverse effect on its debt: equity ratio, a currency swap does not appear on the balance sheet at all. At most, a company takes on a contingent liability to unwind the deal if it is slipping back from the slip-back from the high levels of the parable period. This contribution was down £7.5m. before interest though currency was added an extra 0.5m. (an average rate of 11 per cent in sterling had shown through).

Without an upturn, demand it will be hard to reach more than £32m. and such a return under a back-to-back loan, where the impact of large currency payments on annual interest payments can upset the initial spread between the dollar and sterling elements of the transaction.

Another feature that attracts Gold Fields is that a bank, in this case Continental Illinois, stands as principal and middle man in the deal. So it does not have to get into the business of assessing the credit status of a U.S. industrial company.

A U.S. party to such a deal secures access to long term sterling finance at attractive rates, and can apparently also treat its commitment to unwind

Owen to press for more Soviet orders

BY REGINALD DALE

DR. DAVID OWEN, the Foreign Secretary, is to visit Moscow from October 9 to 11, the Foreign Office announced in London last night.

Much of his time will be taken up with international issues, but he is also expected to press the Soviet leaders to take up more of the £950m. credit for purchase of British goods agreed when Sir Harold Wilson visited Moscow as Prime Minister in February, 1975.

So far, just over £362m. of the credit has been taken up in signed contracts. British trade with the Soviet Union remains heavily in deficit.

International topics are expected to include the Middle East, Southern Africa, the Conference on Security and Co-operation in Europe, disarmament and nuclear non-proliferation, the Mutual and Balanced Force Reductions talks in Vienna and the Geneva negotiations for a comprehensive nuclear test ban.

Dr. Owen's visit comes at an important time for East-West relations. The 35-nation Helsinki Agreement will have started five days before he is due to arrive in Moscow. It is thought unlikely that he will take major new policy initiatives with him.

The Moscow talks, which will be mainly with Mr. Andrei Gromyko, the Soviet Foreign Minister, are in the context of a 1975 agreement that the Foreign Ministers of the two countries should try to meet once a year. It has not yet been settled whether Dr. Owen will meet President Brezhnev.

Talks aimed at boosting Anglo-Soviet trade have continued at official level since the last meeting of the two countries' Joint Commission in Moscow in May, but no positive conclusions have been reached.

Last year U.K. exports of £340m. were dwarfed by Soviet exports to Britain of £645. The picture has improved somewhat this year, with British exports reaching just under £210m. in the first eight months, against £152m. in the same period last year.

Soviet exports to Britain totalled £488m. in the first eight months of the year, against £436m. last year.

Bankers to answer EEC to-day

By Michael Lafferty, City Staff

THE British Bankers' Association has been refused an extension of the three weeks' deadline it was given by the European Commission to answer charges that it is party to restrictive agreements in foreign exchange dealing.

Both the association and the exclusive Foreign Exchange and Currency Deposit Brokers' Association were informed by the Commission on August 31 that they had 21 days to answer a complaint that they operate restrictive agreements contrary to EEC anti-cartel rules.

The complaint was lodged by Saraven, the significant foreign exchange dealer operating in London which is not a member of the brokers' association.

Last night the BRA confirmed that a reply to all questions raised by the Commission would be sent by telex to Brussels today. The response would be confined to providing factual answers rather than arguing the merits of the present voluntary system for regulating foreign exchange and currency markets.

Referendum plan absurd, says Foot

BY RICHARD EVANS, LOBBY EDITOR

MRS MARGARET THATCHER's said she hoped a referendum would become part of a constitutional package.

What Mrs. Thatcher had been talking about, he said, was a challenge to the Commons and the Government of the day by powerful unions—not a miner's pay claim against the Coal Board as in 1974.

A cooler Tory reaction came from Mr. Terrence Higgins, former Treasury Minister and an opponent of the Common Market referendum in 1975.

In certain circumstances he believed a referendum could become a single-issue General Election. A Government's authority would be strengthened if the electorate backed it. But he could not see how it would be inconceivable that the Government should not feel bound to go to the country in a General Election.

Mr. Allan Beith, Liberal Chief whip, argued in a speech in Northumberland that the referendum idea underlined Tory failure to reconcile the contradictory industrial strategies of Mr. James Prior and Sir Keith Joseph.

In Mr. Beith's view, the most remarkable thing about the idea was its presumption that a Conservative government would clash with private-sector unions.

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119 flown off oil platform in recognition dispute

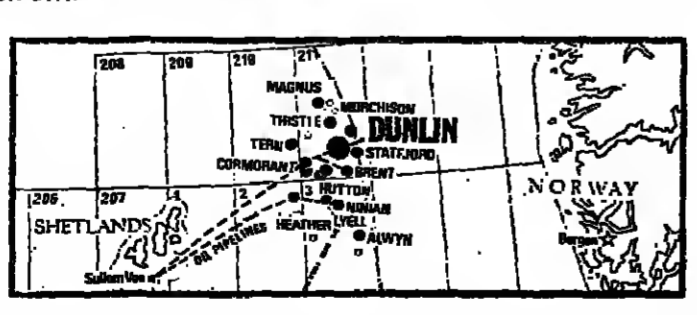
BY DAVID CHURCHILL, LABOUR STAFF

THE ROW over trade union efforts to gain recognition on North Sea oil rigs flared again yesterday when it was revealed that 119 engineering workers had been flown off an oil platform being installed.

The dispute, one of the first major strikes on a North Sea oil installation, is the latest in a series of labour troubles in the growing North Sea oil industry as the unions become more organised.

The 119 workers, mainly members of the Amalgamated Union of Engineering Workers, were taken off the Shell-Esso Dunlin "A" platform some 120 miles north-east of the Shetlands on Sunday after striking in support of recognition for a shop stewards committee on the platform.

But Oceanic Offshore Services, the platform contractors, rejected the engineers' demand and decided instead to take them off the platform and employ a new crew to complete the platform's construction.



as they were not involved in the demands for a stewards committee. The Dunlin field, which was discovered in 1973, is modest in comparison with other North Sea oil fields. It is expected to provide an estimated 600m. barrels of oil when it comes on stream in 1978 or 1979.

The engineering workers are responsible for linking together the accommodation and production facilities on the platform, but their action is unlikely to seriously delay completion of the platform.

This latest dispute in the industry comes after two other major disputes earlier this year, involving helicopter pilots at the Sullom oil terminal project.

Steady progress is being made by the unions to achieve greater representation and recognition. The unions have created a special committee, based in Aberdeen, to co-ordinate their efforts.

There are an estimated 10,000 men working on the offshore gas processing plant in Norfolk

NUBE quits banks' negotiating body

BY NICK GARNETT, LABOUR STAFF

THE NATIONAL Union of Bank Employees decided yesterday to try to break up the banks' joint negotiating machinery in an attempt to cut the power of the bank staff associations.

Mr. Leif Mills, the union's general secretary has informed the employers' federation that the union is withdrawing from the national negotiating machinery for the clearing banks and claiming direct negotiating rights for its members.

He has also notified Barclays, Lloyds and National Westminster that the union is pulling out of their domestic negotiating machinery which is also shared with the staff associations.

As part of the same move, the union has claimed direct negotiating rights for its own members and has claimed Phase Two pay rises, backdated to July 1.

This is in conflict with the union side of the national negotiating machinery, which, pulled along by the staff associations is asking for 10 per cent pay increases. The banks have offered Phase Two and the matter is due to go before independent arbitration.

The union move is largely intended to break up the banks

Weather

U.K. TO-DAY
DRY WITH some sun. Scattered showers in S.E. England and E. Anglia.

S.E. England, E. Anglia
Rather cloudy, scattered showers, chiefly near coasts.

London, Cent. S. England, Midlands, Cent. N. England
Mainly dry, rather cloudy, sunny intervals.

Channel Is., S.W. England, Wales, N.W. England, Lakes, Is. of Man
Some fog patches early, dry, sunny periods. Max. 16C or 17C (61F to 63F).

E. England, N.E. England
Mainly dry, rather cloudy, Borders, Aberdeen, Dundee.

Dry, rather cloudy.
S.W. Scotland, Glasgow, Cent. Highlands, Argyll, N.W. Scotland, N. Ireland

Fog patches early, dry, sunny periods.
Moray Firth, N.E. Scotland, Orkney, Shetland
Dry, rather cloudy.
Outlook: Little change.

BUSINESS CENTRES

City	Index	Change
Alexandria	100	0
Amsterdam	100	0
Bombay	100	0
Buenos Aires	100	0
Calcutta	100	0
Canton	100	0
Cebu	100	0
Hankow	100	0
Hong Kong	100	0
Kobe	100	0
London	100	0
Lyons	100	0
Manila	100	0
Medan	100	0
Montevideo	100	0
Osaka	100	0
Panama	100	0
Rangoon	100	0
Singapore	100	0
Sourabaya	100	0
Tientsin	100	0
Yokohama	100	0

HOLIDAY RESORTS

Resort	Index	Change
Algeria	100	0
Algiers	100	0
Barcelona	100	0
Bombay	100	0
Buenos Aires	100	0
Calcutta	100	0
Canton	100	0
Cebu	100	0
Hankow	100	0
Hong Kong	100	0
Kobe	100	0
London	100	0
Lyons	100	0
Manila	100	0
Medan	100	0
Montevideo	100	0
Osaka	100	0
Panama	100	0
Rangoon	100	0
Singapore	100	0
Sourabaya	100	0
Tientsin	100	0
Yokohama	100	0

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